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AUTHORIZATIONS FOR THE PUBLIC BUILDINGS SERVICE OF THE GENERAL SERVICES ADMINISTRATION

HEARING

BEFORE THE

SUBCOMMITTEE ON
WATER RESOURCES, TRANSPORTATION,
AND INFRASTRUCTURE

OF THE

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

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AUTHORIZATIONS FOR THE PUBLIC BUILDINGS SERVICE OF THE GENERAL SERVICES ADMINISTRATION

WEDNESDAY, JUNE 17, 1987

U.S. Senate,
Committee on Environment and Public Works,
Subcommittee on Water Resources, Transportation,
and Infrastructure,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room SD-406, Dirksen Senate Office Building, Hon. Daniel Patrick Moynihan (chairman of the subcommittee) presiding.

Present: Senators Moynihan, Burdick, Reid, Durenberger, Stafford, Chafee, and Warner.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, U.S. SENATOR FROM THE STATE OF NEW YORK

Senator Moynihan. A very good morning to our guests.

This is a regular meeting of the Subcommittee on Water Resources, Transportation, and Infrastructure of the Committee on Environment and Public Works.

We are here today to deal with the annual authorization of the General Services Administration.

For 9 years, the committee has made it its practice to have a regular authorization bill each year for the GSA, as we have tried to assist a succession of Administrators to bring some administrative logic to that sometimes perplexing conjuries, and we are having greater success, we think, and particularly with the very special leadership of Terence Golden who is here as well.

We also have Judge Brieant who does us the great honor to appear before us, coming all the way from White Plains. Judge Brieant is the Chief Judge of the Southern District of New York.

I would like to note for all those present and staff members in particular that we will be marking up this bill this afternoon. We are going to move ahead right directly with it, and all members who are necessarily elsewhere will want to know that this will be a combined day with us, as it frequently is.

I have a statement I would like to place in the record, and I would turn to my revered and distinguished chairman, the Honorable Quentin Burdick, for any remarks he might have.

[Senator Moynihan's statement follows:]

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, U.S. SENATOR FROM THE STATE OF NEW YORK

Good Morning. As chairman of the Subcommittee on Water Resources, Transportation and Infrastructure, I welcome you to the hearing authroizing the General Services Administration program.

For nine years now, this committee has made a practice of preparing an annual GSA authorization bill, because we believe that the GSA program should be considered in its intirety, rather than on a piecemeal, prospectus-by-prospectus basis. We hope that we will be able to review this draft bill this morning, and to mark it up and report it out this afternoon at our business session. This expedited action will ensure that the authorizing committee's views are made available in a timely manner to the appropriations Subcommittee on Treasury, Postal Service and General Government chaired by Senator DeConcini.

The GSA's $2.9 billion fiscal 1988 budget request includes funds budgeted for construction and acquistion of new Federal office space; repair and alterations of existing space; design and planning; leasing; operation, maintenance; and payment of interests and installments on properties. A summary of the projects for FY 1988 appears in the members' hearing memos. Detailed prospectuses are available in the committee files for anyone desiring additional information.

This morning we shall hear from Administrator Terence C. Golden of GSA, who with his assistant Mr. Wolfgang Zoellner, will review the GSA fiscal 1988 program. I know that Mr. Golden has chosen to emphasize certain priorities in his budget, such as the health and safety of Federal workers, which I certainly applaud. I also want to commend Mr. Golden's management initiatives at GSA which are based on his experience as an able manager in the private sector. One of these initiatives is to get the Federal Government out of leased space and into owned facilities. I have said for years that it is silly for the Federal Government to lease space at high rates for 20 or 30 years and have nothing to show when the lease is up for renewal but a handful of rent receipts! Moreover, when these leases do come up for renewal, the Federal Government is facing higher and higher rates for space that I believe is inadequate for our Federal employees. (An example of this inadequate space might be that leased right now in Southwest, D.C. for the Environmental Protection Agency).

Another example of Mr. Golden's initiatives is to consolidate Federal agencies into central facilities. Too many of our Federal agencies are scattered through the District, Virginia and Maryland, creating inefficiencies of all kinds. We hope that the proposal for a new building on the Federal Triangle will enable some of this consolidation. This committee is working diligently with the House Public Works Committee on that authorizing legislation.

There are some other matters which we must raise today which concern this committee. Judge Charles L. Brieant, Chief Judge of the U.S. District Court for the Southern District of New York, is here to address problems which the courts have had in obtaining space for newly created judgeships in a timely manner. I know that Administrator Golden is aware of these problems and is attempting to resolve them. From our earliest days as a Republic, the courthouse has been the center of American life, and the symbol of our constitutional government. We must provide dignified, serviceable courtrooms and chambers for our judges.

Also, as chairman of the authorizing subcommittee, I must reiterate this committee's concerns that GSA recently requested an unauthorized appropriation for lease-to-purchase contracts that could cost as much as $3 billion over the 30 year lease terms. This request was made to the House Appropriations Committee for possible relocation of the Department of Transportation and EPA. Due to Chairman Howard's objection, this request was stricken from the House appropriations bill. We smpathize with your desire to consolidate DOT and to relocate EPA, but we must remind the GSA of the proper procedures to follow.

Accordingly, Senator Stafford and myself are drafting a request letter to the Government Accounting Office [GAO], for a general study of GSA's opportunity purchase, lease-to-purchase, and other creative financing initiatives. This study will review GSA's assumptions, and recommend an orderly procedure for congressional oversight of these transactions. We do this in a cooperative spirit with GSA, and in fact we know that GSA officials have expressed concern themselves about the proper reporting of this large number of transactions to Congress.

With this said, I welcome our first witnesses, Administrator Terence C. Golden and Assistant Commissioner Wolfgang Zoellner, of the General Services Administration.

OPENING STATEMENT OF HON. QUENTIN N. BURDICK, U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator BURDICK. Thank you, Mr. Chairman.

Good morning. I would like to welcome our witnesses here to testify on the Public Buildings Service of the General Services Administration.

The purpose of this hearing is to review the budget request of the service for fiscal year 1988 and to discuss some oversight issues about GSA's public buildings program.

It has been a committee policy for the last 9 years to develop an annual omnibus bill which authorizes the Public Buildings Service of the General Services Administration. This enables the committee to oversee the public buildings activity in a more comprehensive, systematic fashion.

The House Committee on Public Works and Transportation continues to authorize projects through individual resolutions. However, the appropriations committees of each body traditionally have honored the recommendations of the authorizing committees.

An item of particular concern to me arose recently. Language in the Treasury Postal Service, and General Government Appropriations bill of the House Appropriations Committee directed the General Services Administrator to acquire office buildings for both the EPA and the DOT. The buildings were to be acquired through lease-to-purchase contracts with an estimated 30-year cost of $3 billion.

Not only did GSA fail to obtain the consent of the House and Senate authorizing committees before making this request but also failed even to notify the committees of their intent to seek this language.

As a member of the Environment and Public Works Committee and as a member of the Appropriations Committee as well, I do strongly object to the practice of Federal agencies by-passing the proper authorization process and independently seeking a direct appropriation for projects.

It is my understanding that the General Services Administration has agreed to be more candid in the future when the GSA shall be seeking authorization and appropriations for new buildings projects. I am very pleased to have learned of this development.

Included in the proposal before the committee today is language directing GSA to enter into a lease-to-purchase contract for a building in Oakland, California. There have been two audited studies, one undertaken by the General Accounting Office and the other by the General Services Administration itself.

These studies indicate that acquisition of a building in the Oakland, California area would be an economical move for the Federal Government to take. The House Committee on Public Works and Transportation authorized the Oakland project by resolution almost a year ago.

Senator Wilson recently wrote to me asking me to request from the General Services Administration a formal study of Federal office building needs in the San Francisco area. However, for the last several years, the Committee on Environment and Public Works has not request such formal studies for they result in prospectuses which do not necessarily have the approval of the Office of Management and Budget.

GSA will undertake a study of Federal office space needs in the San Francisco area in accordance with its mandate to monitor Federal office space requirements in all areas of the country.

The Committee on Environment and Public Works will, of course, review any building proposal that may result from such a study.

Language in the proposal before the committee today directs the General Services Administration to enter into a lease-to-purchase contract for a building in Oakland, California.

Thank you, Mr. Chairman.

Senator MOYNIHAN. Thank you, Senator Burdick. Those are matters we will be taking up with Mr. Golden directly.

Senator Reid, we are just commencing, and we would welcome any opening statement from you, sir.

OPENING STATEMENT OF HON. HARRY REID, U.S. SENATOR FROM THE STATE OF NEVADA

Senator REID. Thank you very much, Mr. Chairman.

I commend you for holding this hearing today to review the GSA's request for authorization appropriations for fiscal year 1988. I welcome the witnesses testifying this morning who will further shed light on GSA's policies for the management of the Government's vast properties.

Mr. Chairman, I am very interested in GSA's broad range of responsibilities, particularly those duties involving Federal space needs. In the past, I have worked with GSA in an effort to address the shortage of Federal office space in the greater Las Vegas, Nevada area.

Las Vegas is one of the fastest growing areas in the country. From a population of 465,000 in 1980, Clark County is now up around 600,000 people. As Las Vegas continues to grow, the need for additional office space also increases along with rents and building costs.

To address the space crisis of Las Vegas and a myriad of other cities across the country, GSA is utilizing some innovative financing mechanisms to provide needed Federal space and will ultimately reduce what had become an exorbitant cost to the Federal Government. For example, one approach is GSA's lease-to-purchase program where the Government leases property for a period of years and obtains title to that property at the end of that period.

In the long run, the Government, in the way this program operates, will save money. In the Greater Las Vegas area, Mr. Chairman, there is probably around $2 million a year being paid in rents just for extra office space.

GSA's San Francisco regional office is also preparing a comprehensive space, State, and market survey to determine if the potential purchase opportunities exist and are cost effective.

In addition, I am pleased to note that today's witnesses will also focus on GSA's function to provide space for Federal judges. This has become a national problem inasmuch as, for one example, 52 new Federal bankruptcy court judges were created just last year. That deserves prompt attention.

The United States Courts are expanding rapidly also in the Las Vegas area. In fact, the Federal court system in Las Vegas is considered the busiest in any city of its size in the United States. Judges, along with other Federal personnel, are scattered throughout the city.

GSA plans to accommodate this expansion of Government-owned space through the alteration of the existing courthouse in the Las Vegas area. I am anxious to learn of GSA's progress in this area and in other areas.

I would state, even though bureaucrats appearing before Congress don't ordinarily hear this, Mr. Chairman, perhaps as much as they should, I have found in my terms in the House and my experience here in the Senate to find GSA to be a most cooperative, willing group of public servants. They are working with a tremendous shortage of finances, but my experience with them has been outstanding, and I commend them for this, and I hope the hearing goes well.

Senator **Moynihan**. You are very generous to say that, and you are very right in saying it. There are few tasks as joyless as trying to do the things that GSA has to get done, and they do it very well, and we share your admiration for them.

You mentioned the situation of the courts in Las Vegas. We are going to reverse the sequence of our witnesses this morning, as we have the great honor to have Judge Brieant, the Chief Judge of the Southern District of New York who is here to talk about specifically the concerns of the Southern District and, I think, generically, those of the courts generally, as Mr. Reid has mentioned.

We welcome Mr. Karam who is, of course, the Deputy Administrator of the court system of the Office of the U.S. Courts, and you will join with your distinguished colleague as you like.

Your Honor, we welcome you here, sir, and we are here to listen to what you have to say.

STATEMENT OF HON. CHARLES L. BRIEANT, CHIEF JUDGE OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK ACCOMPANIED BY RAYMOND A. KARAM, ASSISTANT DIRECTOR, ADMINISTRATIVE OFFICE OF THE U.S. COURTS

Judge **Brieant**. Thank you very much.

Mr. Chairman, and distinguished Senators, members of the staff, Mr. Golden, I am Charles L. Brieant. I am Chief Judge of the United States District Court for the Southern District of New York. I became Chief Judge last October 1st, succeeding the Honorable Constance Baker Motley whom, I am sure, was well known to all of you. My administrative supervision extends to a court consisting of 27 authorized district judges along with 16 senior district judges, 10 magistrates, and 7 bankruptcy judges. We are the largest and oldest district court in the country.

Mr. Chairman and distinguished Senators, I am indeed honored to be here today, and I welcome the opportunity on behalf of the judiciary to discuss the very urgent problems we are experiencing in acquiring adequate facilities for judges in a timely manner. The judiciary is part of a larger problem, as was earlier noted, but my discussion will be limited to the judicial side of the issue.

With me today is Mr. Raymond Karam, the Assistant Director for Administration at the Administrative Office of the United States Courts, familiarly known to most of us as the "AO."

Our problem is very urgent because of a number of reasons. Primary among them is the recent increase in the size of the judiciary. Everybody knows that our Federal courts are congested and that the number of filings—over which we have no control—are increasing each year. This is especially true in bankruptcy, but it is true generally across the board.

In my formal testimony which I sent down earlier this week——

Senator MOYNIHAN. Yes, sir. We will place that in the record if you would like, Your Honor.

Judge BRIEANT. Thank you very much, Mr. Chairman.

I would like to note in passing that in drawing up my formal testimony, I had referred largely to the Southern District of New York simply because that is where my knowledge lies. However, I submit, most respectfully, that it is illustrative of a nationwide problem in all of the major district courts in the country.

The 1,750 judicial officers we now have is a 50 percent increase over the last 10 years.

I might say in passing that I was appointed to the bench 16 years ago next month.

Costs have risen. The need for support facilities has risen. It is a fair estimate that for a United States district judge to function, it costs the taxpayers about $.5 million per year for the total cost of the judge, including space, supporting personnel——

Senator REID. What was that figure again?

Judge BRIEANT. $500,000. I believe, Senator, it is $497,000 or some estimate that is very close to $.5 million, sir.

And the blunt answer to it is that if that judge cannot function efficiently because there are not enough courtrooms, can't schedule work for lack of a courtroom, inadequate chambers, insufficient office space for the essential supporting personnel that make a judge function, or even space for the computers and other equipment which we are now relying on for case management, then that just means that the taxpayers are not getting their money's worth, and the express will of Congress to have that judge available and have that judge functioning is being frustrated.

Now, the budget of the Federal court system, as I am sure you are tired of hearing, is only .1 percent of the Federal budget. In terms of space occupied, the third branch of government accounts for about 5 percent or 12 million square feet of the space that GSA controls. There may be some small space that is outside of that estimate, but insofar as GSA is concerned, that is the hinge on which our relationship with that agency lies.

Two aspects of court space, location with other Federal agencies in most buildings, and the funding process are the root causes of our problem. Our problem is essentially one of delay, and we believe and respectfully submit that if these problems were addressed, the current atmosphere of crisis management would be replaced by one of efficient and timely planning.

Because in all but about six of our courthouses we are sharing joint facilities with other non-judicial executive branch agencies, whenever a court expands, the GSA must take into consideration the needs of the other tenants. When a court needs more space, other agencies are displaced, and this can be very time consuming. More time is needed after they are relocated to alter the space for the courts, and if any of these activities cost more than $500,000, a prospectus drafted by GSA and approved by Congress is needed before work can begin and two or more years can be added to the process.

To help speed things along, the judiciary endorses GSA's proposal to raise this $500,000 floor to perhaps a more realistic figure.

The process for providing new or additional courthouse space typically takes years.

The judiciary does not control the facility funds appropriated to us by Congress. GSA controls these funds which it collects as rent.

The result of this is that the courts' needs for space compete with the needs and requirements of unrelated executive branch agencies. That often places the relatively minimal courts' needs in last place because renovation and construction and related work has been delayed throughout the country for all the agencies.

I have to make it very clear that in our own district, Mr. Golden himself and his local administrator, Mr. Diamond, and his staff have improved agency performance of GSA tremendously. They are skilled and responsive people, and we are most grateful for what they have done.

But there do remain problems. They have a list of priorities, asbestos removal, sprinkler systems, and similar work, and a second priority after that is constructing government-owned multi-purpose buildings so that high cost, short-term private leases which are currently in effect can be terminated. Finally, if there are funds that remain, perhaps they can be used for the courts.

I submit that the executive branch is not the proper place for resolving competing priorities which affect the administration of justice and that it would be appropriate that Congress make such solutions and decisions, and money for construction for the courts would be separately designated and earmarked in the GSA budget by the Congress.

Now, apart from the total money shortage, the other problem is adequate planning in advance. Currently, 35 of the 85 judges appointed under the 1984 Omnibus Act, 41 percent, are in temporary and, by definition, less than adequate accommodations. Currently, there is a proposal in Congress for 69 new Article III judges of which 56 are to be trial judges, and the remainder are for the courts of appeals.

It usually takes about three years between the time the Judicial Conference recommends a new judgeship because of the need of the public's business in a particular location and the day that the Senate confirms an individual for that task. For the 69 currently pending authorizations by Congress, the AO and the GSA do plan to work together to use this lead time.

The Judicial Conference is reviewing its organizational structure and methods for identifying and resolving problems in the allocation of space to increase our self-discipline in controlling the assignment of space. We already see that in our own circuit where the circuit executive has functioned very efficiently through the Judicial Council.

We have, for the 1986 bankruptcy judges newly created, a request for fiscal year 1987 for a small amount of money to conduct an experiment in design of facilities as a test to see whether, by working with GSA but controlling design projects and using GSA resources and contractors, we could improve on the bureaucratic delays that affect facilities for new judges. The total involved would be relatively small, $3 million, but it could add significant meaningful experience and information to the solution of the problem of court delays.

Local problems often come to bear on the facility business and result in delay in opening facilities.

I would like to mention very briefly problems in the Southern District of New York which are, in my view, of a type not uncommon to the judiciary on the whole.

In light of the proposed conveyance of the so-called Old Custom House at the tip of Manhattan Island to the Museum of the American Indian, it is now planned that the bankruptcy court will ultimately be relocated in a new Federal courthouse at Foley Square. This is fine, and while it is probably better to have the courts near one another, next door if possible, the timetable for relocation creates greater pressure for the new courthouse at Foley Square which is already needed.

In the meantime, in order to alleviate critical immediate space problems in the Foley Square courthouse, it is essential that the existing bankruptcy space which will be vacated next month be adapted for district court use.

It is the intent of the legislation concerning the Custom House that ultimately the bankruptcy court should return to Foley Square which it would never have left if there had been facilities there for it at the time that the renovations of the Custom House were being done.

To renovate the existing bankruptcy space at Foley Square will take 16 months under normal circumstances, and this is to me a frightening example of delay. I just don't believe that a well run enterprise would take that long to be able to do it.

As I mentioned earlier, in Foley Square, we are simply bursting at the seams. The planning there began at least in 1983 when a joint committee of district and circuit judges began planning for a new courthouse next to the existing U.S. Courthouse at Foley Square.

In 1984, the Judicial Council of the Second Circuit and the Judges of the Southern District of New York approved a proposal for the new courthouse. The proposal received broad support from the City of New York and was favorably considered by the GSA.

It is desperately needed. There are currently eight magistrates in the Foley Square Courthouse who occupy space less than specified by the U.S. Courts Design Guide. None of these chambers and courtrooms meet the minimum standard.

There is one magistrate who has not had an assigned hearing room since he was appointed in 1985. His valuable time and that of staff and also lawyers and litigants is wasted floating around the courthouse among various courtrooms which are temporarily not in use. This is absurd.

We have a beautiful marble and steel historic landmark courthouse designed by an eminent architect of his day. In order to accommodate our vastly increased functions there, it has been necessary to construct general offices out of wallboard in the marble hallways of this historic building. These are nice long thin offices which sometimes turn the corner and have no window, and whether they create a fire hazard or not is something upon which I am not qualified to comment.

We have the pro se attorney's office in the hallway on the ground floor of the building. It houses three staff attorneys and five clerical assistants and services the public directly. Some 16 percent of our civil cases are filed by pro se litigants in forma pauperis. We have to have an orderly way to conduct the intake of that business into the court.

Our court reporters are sprinkled all over the building. Their computer room is in the third floor hallway, although most of them are on the fourth floor, and this separation is inefficient.

We have a press room which is a disgrace. It is occupied by ten full-time accredited reporters and more when we have a significant case going on. That room is built out of wallboard and located in the hallway on the fifth floor.

We have a magistrates criminal part courtroom used for arraignments, detention hearings, and so forth on the third floor where there are no available conference rooms, and the defendants and the complainants, and the victims and the lawyers and the witnesses mingle together in the public corridor awaiting proceedings in the next case.

There is no longer a secure courtroom with restricted access for high risk cases, and all types of defendants are escorted through public areas by the marshals.

There is no receiving facility for deliveries, which are made at a side door on the street.

There is inadequate secured parking.

Perhaps most costly of all to us there is no closed record room for the district court or the bankruptcy court. Records are stored in hallways and sent to the archives in Bayonne, New Jersey on a six-month basis in order to alleviate file storage problems. Often, they must be retrieved from that location at high labor cost and also delay if some later judicial proceedings require re-opening a case. A case that is closed for six months isn't really a closed case in our line of work.

There is no storage facilities for furniture or equipment or bulk supplies.

There is no adequate space for grand juries. We have a grand jury assembling in a makeshift room with partitions in a hallway on the sixth floor. How they can maintain grand jury secrecy that way is beyond me, and other grand jury rooms are located on the 14th floor and elsewhere in the building.

We are using employee rest rooms for file storage because of lack of file storage space within the judges' chambers and in the clerks' office.

Our court has been forced to use the facilities of the Court of International Trade temporarily for naturalization and similar large-scale proceedings. This interferes with their work, although they are very gracious about letting us do it.

We are now arranging for temporary use of a United States Tax Court and Court of Claims facility at the 26 Federal Plaza government building, but there are no jury boxes there and no place for jury to deliberate or washrooms for the jurors or anything like that, so judges working there will have to alternate back and forth, depending on whether the daily calendar has a jury case or a nonjury case.

In short, we have 44 judicial officers in the courthouse contending for 33 courtrooms on a daily basis. That just doesn't work out. The logistics of keeping people located in places where they can work requires a full-time clerk's effort who is on the telephone continuously monitoring the schedules.

Our clerk's office will soon be receiving new computer equipment which requires a special secure facility within the building. Until we find space for it, it will be very difficult to take full advantage of the automated systems which have been developed by the Administrative Office and the Federal Judicial Center and which are sorely needed to keep up with our work.

There is more, but I believe I have made clear to you the serious problem which exists. If the committee wishes, I could provide further information, and I wish to emphasize that the problems we face at Foley Square are not limited solely to the Southern District of New York. I am certain that if we look around the country, we will find other places where similar problems of space, both delay in getting space and unavailability of adequate space, are very serious.

I want to close my prepared remarks, if I may, with some very brief recommendations or points.

First, I would urge that funding, the amount made available and how it is controlled and allocated, is what holds the promise for solutions. The Congress should determine the priorities between the separate branches of government and not leave it solely to the GSA.

Second, the process for providing facilities for new judges has to include intensive and long-range planning. Some is being done now. More needs to be done. We need to get started early in the process and not wait until a judge is reporting for duty and says where am I going to hang my hat.

We need the help of Congress in earmarking funding for judiciary space planning and construction.

At least on a pilot basis or experimental basis, the courts should be given a chance to show what they can do in the area of accelerated design and planning for our urgent needs for physical facilities.

Our budgetary process seems, for some reason, to be always behind the times. The number of judges is expanding constantly as our litigation is continuously increasing beyond our control. Why are we not accommodating the foreseeable expansion needs of the courts since we are keenly aware by experience of the lengthy inherent delay in providing space and facilities?

At least in metropolitan districts such as my own, I can guarantee that court related space never goes to waste.

I thank you very much for the opportunity to have discussed these issues and their potential solutions.

As I noted earlier, I have submitted prepared testimony in far greater detail touching also upon other matters affecting the courts generally and my own district, and I would indeed be happy to answer any questions or amplify in any way on any comments I might have made which are not clear.

Senator MOYNIHAN. Judge Brieant, it is extraordinarily generous of you to come here and to appear, and the record should be clear that you appear for the judiciary. It is an honor for this committee to have you before us.

I would like to make a quick comment which is first to say that it has been the view of this committee, although we have not always prevailed in practice, obviously, that there is a counterpart to the proposition that justice delayed is justice denied which is to say that the justice that takes place in degraded physical surroundings will not be seen as an elevated and sacral activity which indeed it is in our society and ought to be. What we ask you to do is beyond patience, and I don't know how you display it so.

I would like to make one particular point to my colleagues, if they would hear me on this matter. Without raising any painful personal matters, Your Honor, I think it is important for us to hear that in this particular court, there is no secure courtroom for high risk cases, and there is an inadequate if at all secured parking for judges and staff, and to suppose that the judges of our courts are immune to physical threat is just not so.

If you see the extravagances that go around securing the person of the Vice President of the United States and the indifference with which we treat the judiciary, one wonders where our priorities are. That is not meant to be personal in any respect, but simply to say that Washington teems with people protecting persons whose brief authority is not all that consequential whereas the integrity of the judiciary is of the vastest consequence.

A few of our colleagues have joined us and, Your Honor, if I could ask for you to hold off with questioning just a moment, I will turn to our chairman emeritus.

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator STAFFORD. Thank you very much.

I apologize that I didn't get to hear all of your testimony, Judge Brieant, but I have some personal tangential idea of what the problem is because both of the judges who serve the Federal court in Vermont are friends of mine. Both of the active judges, I guess, I arranged the initial process that got them in that position.

Soon after one had become Federal District Judge of Burlington, he suggested that if the senior Vermont Senator would be willing to move to some other location, he would like to have the offices I had in the Federal building for part of his suite there.

So, I know there is pressure even in Vermont for more space, and I have listened to other judges from other parts of the country in the past who have brought us the same message. I am well aware that you are crowded for space and that we should be more foresighted in getting something done about it.

Senator **Moynihan**. I should think it is elemental that in 1982, that we increased the size of the bench by 50 percent or almost, and we certainly have not done anything about the facilities.

Senator Durenberger.

Senator **Durenberger**. I will pass, thank you very much.

Senator **Moynihan**. Senator Chafee.

Senator **Chafee**. No, thank you, Mr. Chairman.

Senator **Moynihan**. Then I would like to first of all say to Judge Brieant that I think there is full agreement in this committee with your general proposition. It is a very graphic description.

What is one to say of the majesty of the law in which the records of the Southern District of New York are kept in rest rooms? What are we saying here? What are we doing to ourselves? As if Manhattan did not have any capacity to produce office space, much less court space.

I take two specific matters which you have before us, and I want to ask you and ask the committee if they would hear me out on this.

First, Senator Warner, we welcome you.

Senator **Warner**. Thank you.

Senator **Moynihan**. Judge Brieant of the Southern District of New York has just been testifying on behalf of the judiciary and has some very graphic accounts of the space difficulties which have followed the large increase in the numbers of justices and even perhaps proportionately greater increase in the work of the courts.

Would you like to make an opening statement, sir?

Senator **Warner**. No, I thank the Chair. Having been a former law clerk, I know what it is like to live in a closet.

Senator **Moynihan**. Your Honor, there are several specifics you have before us. The first is that you ask that the judiciary be allocated specific funds by the Congress for its space facilities and that this allocation be made in that forum where national priorities are supposed to be resolved, which is to say the Congress.

Could you or Mr. Karam perhaps expand on that? What are you asking of us, because I think we will want to be responsive.

Judge **Brieant**. As I view it, I would look towards a line item in the budget committed for GSA which would be for the purpose of new court facilities.

Senator **Moynihan**. I see.

Judge **Brieant**. And I would even hope that in creating the new line item that to the extent possible the court could have some input into the planning of those matters, because, in many places of holding court, it would be better not to be sharing a joint facility.

As the distinguished Senator from Vermont pointed out, they asked him to move, because the only place the court could grow was in the jointly shared building.

In Brooklyn, as the chairman knows, the Internal Revenue Service is engaged in moving in order that the court can function. The Eastern District of New York has an extremely serious problem.

We would like a line item so that GSA will not have to make that critical choice between asbestos removal which I concede is important——

Senator **Moynihan**. Or sprinklers and security.

Judge **Brieant**. And the survival of our independent branch of government, because if we can't do the work and if we have to keep the records in the toilet, we aren't really surviving at the level——

Senator **Moynihan**. No, and you have grand juries meeting in hallways.

Judge **Brieant**. It is ridiculous. We have been too tolerant of it; it is our fault.

Senator **Moynihan**. Mr. Karam, you know exactly the specifics of what Judge Brieant is speaking to with respect to the coming authorization. We are going to be putting together a bill this afternoon. Will you be on hand to let us know what you——

Mr. **Karam**. I could be, sir. Yes, sir.

Senator **Moynihan**. I think I would like to ask you if you would do so, and we will ask Mr. Golden about this matter. I can't speak for the committee, but I can't but suppose that the committee would find this entirely appropriate.

Can I ask my colleagues—the Senator from Rhode Island if I could get his attention for a minute——

Senator **Stafford**. It is always dangerous when to ex-secretaries get together.

Senator **Moynihan**. Yes, there is something going on down there. It may have to do with planning an invasion of the Gulf or something.

Senator **Warner**. We are in the middle of the Persian Gulf.

Senator **Moynihan**. I thought you might be.

Senator **Warner**. Trying to get our heads together as to what should be the strategy.

Senator **Moynihan**. We have heard from Judge Brieant, speaking for the judiciary, request that there be a line item in the GSA budget for judicial facilities. We can't decide that at this moment, but it seems to me we ought to respond with great attention to such a request.

Senator **Chafee**. I didn't quite understand the proposal, a line item of X dollars?

Senator **Moynihan**. Yes.

Senator **Chafee**. And then who would decide how to disperse it amongst the judiciary?

Senator **Moynihan**. Well, I think that has to remain a GSA function, but it is obviously a cooperative function. The GSA is going to ask the courts what their priorities are.

Mr. **Karam**. Generally, what we are suggesting, Mr. Chairman, is that the funds that are going to be used for the judiciary be earmarked for the judiciary use by the Congress and not as a part of the total amount of money available to GSA to do anything GSA has to do. So, as the Judge said, decisions would be made in the proper forum as to whether the third branch of government will be funded at a given level or not.

As far as the utilization of the funds, we are not suggesting in any way that we create a miniature GSA within the judiciary.

Senator **Moynihan**. You would just like to have in the budget what you might call your money. Those funds have been allocated to the courts.

Mr. **Karam**. Correct. That would give the judiciary a little better control of its destiny.

Senator **Chafee**. I am not trying to beat this to death, Mr. Chairman, but let's just take an example here. In the authorizations you will find a long list. Let's just take, for example, the Everett Dirksen Federal Building and Courthouse, $7 million. Then, we have the McCormick Courthouse, $2.2 million.

Is it the suggestion that we would lump all these sums together dealing with courthouses and just make it X million dollars and then the judiciary would decide all right, the Hébert Building in Louisiana has very low priorities as we see it, but the Dirksen one really needs some upgrading. Is it left to them? Is that the suggestion?

Judge **Brieant**. I respectfully believe that those numbers which the Senator has just read have to do with renovations and repairs of existing structures.

Senator **Chafee**. Renovation of——

Judge **Brieant**. And repairs of existing structures.

Senator **Moynihan**. R&A, renovation and alterations. Is that correct?

Judge **Brieant**. Alterations, correct. We are talking about new space. Our real critical problem is new space, because we are assuming that GSA will maintain the courts within a reasonable level of maintenance and that some of those alterations are in the court budget already, as I understand it, but the GSA will do that which is required to keep the Dirksen Building habitable.

Senator **Chafee**. So, are you suggesting that we put in X dollars that then the judiciary would decide where a new building is needed?

Judge **Brieant**. Well, not alone, and, of course, if it is within a prospectus item, the Congress in effect decides. I assume or I hope that the $500,000 figure would be raised to a slightly more realistic number, but anything significant, whether it is $500,000 or $1 million or $2 million, whatever the prospectus figure is remains a Congressional determination, as I understand it.

What we are talking about is a firm allocation of money for new quarters for additional judges, new judges and bankruptcy judges and the like.

Mr. **Karam**. At the current time, the way the process seems to work is that GSA has a great many calls on the amount of money available in the Federal Building fund for construction, renovation, and so forth. In sorting out their priorities, then, the court needs are included to the extent that they can be.

These determinations have been, in the past, made primarily through the GSA process working with the Congress, of course. But it is the GSA forum. They are the ones who initiate, apparently, the divisions of these funds.

Senator **Moynihan**. May I say to Senator Chafee, this surely is a reciprocal process. The courts tell the GSA what they need; the GSA tells the courts what they can handle and so forth.

What they would like is for new construction an item that is theirs.

Senator STAFFORD. Mr. Chairman.

Senator MOYNIHAN. Yes.

Senator STAFFORD. We have been through problems with new construction and renovations, at least for the almost 17 years I have been on this committee, and at times, things, in my judgment, were pretty chaotic about what we were being asked to sanction here as members of the committee through the prospectus system. So, we never knew from one year to the next what was proposed.

I think, speaking only for myself as a member of this committee, I would be much more comfortable with authorizations for the judiciary that spelled out to us, in the course of the authorization we might be asked to approve, precisely what money you want to spend and where, so that if GSA comes to us, they tell us what you propose to spend where, and we don't just authorize some large sum of money and then find out that we are being given prospecti again in the future to sign.

I notice we have a long list of prospectus again here today. It has always been my hope that between this committee and GSA we could get away from the prospecti that got us in trouble some years ago when Senator Randolph and I refused to sign any more and know each year for the next year, at least, what we were expected to sanction as a committee in terms of renovation and in terms of construction and, as far as we could, for at least five years ahead so that we had some order and some broader concept of what is needed.

Now, I know you need space for the judiciary, but I would be uncomfortable with authorizing some kind of a blank sum of money or a large sum of money without knowing where it is going to be spent which will only get you and us all in trouble eventually.

Judge BRIEANT. May I respond?

Senator STAFFORD. Certainly.

Judge BRIEANT. That point is very well taken, and perhaps I was too brief in my discussion, but I would assume two things: that there will be a prospectus limit whether it's $500,000 or whatever and that before GSA and the courts in their budget process could come to the Congress with a number that the number would have to have some supporting data, and that supporting data would include the fact that we are getting a new judge in this community or we are getting an extra bankruptcy court somewhere else.

No such figure would ever be produced without a back-up, whether it is prospectus items or not. But at least once it was produced, and even if Congress said, well, maybe we should think twice about an extra bankruptcy judge for White Plains because Texaco won't go on forever, that would be a legitimate conclusion someone could reach.

But once that figure was generated, it would be a line item for new court facilities.

I have no dispute at all with the fact that nobody can get a blank check. There has to be a work-up behind this number which will tell you where it is going.

Senator **Stafford**. Sure. As long as the line item tells us where the money is going to be spent or proposed to be spent, that is our principal concern.

I have been talking to you, Judge, frankly, with one eye on the Administrator of GSA, Mr. Golden, whom I see is also here.

Senator **Moynihan**. Mr. Warner?

Senator **Warner**. It seems to me the proposal takes away some of the judgment given in this situation by the GSA.

If we take from the GSA, who then exercises this judgment? Is it the Congress directly with the judiciary on an ad hoc basis or is it the administrative section of the judiciary that is going to come up and prioritize?

I am not sure I understand how the process works to arrive at the figure for the line item that we eventually put in.

Judge **Brieant**. My view of that would be that the judiciary would begin the generation of such a figure, but ultimately Congress will make the decision. I don't like to characterize it as an ad hoc decision, because many of these projects will take more than one year to complete, even if we speed things up.

Senator **Warner**. I meant ad hoc in terms of geographic distribution of the monies and where the priorities—for instance, is the administrative section of the courts to be involved?

Judge **Brieant**. Yes, and the AO has and the Judicial Conference has and the Judicial Councils of each circuit have some pretty good recently developed expertise which will enable them to make reasonable requests which don't turn it into a free for all.

I am confident that the Judicial Councils which are by circuits and include district court input, working through the AO, could come to GSA and the Congress with a rational plan which, working it into the overall picture, Congress could either accept or modify if exigencies required it to be modified.

Senator **Warner**. Well, by going to the line item, does Congress pull back onto itself some of the exercise, the judgment, that heretofore has been given to the Administrator of the GSA?

Mr. **Karam**. Well, I would say that the Congress and the judiciary would work very closely together on the particulars that would make up whatever funding total would be approved ultimately by the Congress for the judiciary.

Currently, there is somewhere between $150 and $190 million of outstanding needs for the judiciary which just can't be funded under the current system, obviously. The GSA for 1988 is looking for something in the neighborhood of $51 million for judiciary activities, of which some $5 or $6 is overhead for GSA.

So, you can see that there are two problems here: the total amount of money that is available and how the money that is available is in fact distributed to judiciary projects.

As far as priorities within the judiciary, these are established by the Judicial Conference of the United States. The Administrative Office, of course, supports it in a staff function, but the priority would be established by the Judicial Conference and then, of course, in consultation with the Congress before any money was ever appropriated.

Senator **Moynihan**. I wonder if I could point out to Senator Warner, early in Judge Brieant's statement, in asking that the judiciary be allocated specific funds by the Congress for space facilities, he asked that this allocation be made in that forum where national priorities are supposed to be resolved, that is to say, the Congress—an eminently reasonable proposal from the judiciary.

Senator WARNER. I thank the chairman.

Senator CHAFEE. Mr. Chairman, somebody can explain this to me later, but I don't see how—our distinguished leader on this side said there would be a line item veto in which we would know what the——

Senator MOYNIHAN. No, no. That is your other distinguished leader, Mr. Chafee. [Laughter.]

Senator MOYNIHAN. A line item listing, not veto.

Senator CHAFEE. I was talking about my colleague that I respect so much on this side, so I got lost in the shuffle there.

Senator STAFFORD. I don't think I mentioned veto.

Senator CHAFEE. Did I say line item veto? Excuse me.

Senator STAFFORD. A line item authorization.

Senator CHAFEE. A line item authorization.

Senator STAFFORD. Yes.

Senator CHAFEE. It seems to me this—that there is no central individual in the court system who can look down on it all, as I judge it, between the 10th circuit and the 9th circuit and the 1st circuit and the district in the Seattle or Tuscaloosa or wherever it might be. The circuits have a relationship, but there is no top administrative officer over all the circuits, is there?

Judge Brieant. Well, not in that sense, except that the Judicial Conference does have a budget committee which Judge Clark whom I am sure has appeared before you a number of times, and I understood he would be here today except he has an en banc hearing, is the chairman.

The Judicial Conference does, not so much in construction but in our other judicial activities—we are weighing, for example, the need for additional security with the need for additional probation officers which is going to become extremely severe as sentencing guidelines take hold. Within the judiciary, we fight those things out.

When Judge Clark comes over here, he is speaking, as I understand it, for a consensus in the judiciary. The Judicial Conference, the Judicial Councils of all the circuits, and the administrative people in the Administrative Office have come together and made an attempt to prioritize some of these things.

This happens mostly to us in our operating budget. I would like to get that kind of concept into the construction budget. It has worked fairly well in our operating budget. Occasionally, some of us don't agree with the bottom line which the Judical Conference Committee on the budget reaches.

Senator MOYNIHAN. If the Senator would yield, may I just say that I think that with respect to your question the Judge has made very clear that it is their view that Congress decides priorities but in a consultative mode. We try to find out what do you need and then the decision is to be made here, and that is what the Judge has asked.

Mr. Reid.

Senator REID. No, thank you, Mr. Chairman.

Senator **Moynihan**. Well, sir; I think we have your message here in a very specific form and a very welcome one. We are going to talk to Mr. Golden about how he sees this would work, and I hope we are going to be specifically responsive.

There is one detail. You asked for a small amount of money to allow you to conduct an experiment in design of facilities. You talked about $3 million.

I understand that the GSA is going to be able to do that, and I hope they are. We will ask Mr. Golden, and I, for one, am exceedingly grateful that you have found the time to come down to tell us about the situation, and I think you speak not, to the convenience of the court, but to the purposes of justice. Those are hallowed purposes and they ought to be in this committee as they are in your courtroom, sir.

We thank you very much.

Mr. Chairman, would you like to——

Senator **Burdick**. I have been kind of chuckling inside here, Judge. Here you are in the witness chair and I am up here at the bench.

Judge **Brieant**. May I most respectfully state that to prepare my testimony was harder than any opinion I had recently had to do. Furthermore, to work against a deadline is something judges aren't accustomed to.

It has been my pleasure. That you very much.

Senator **Moynihan**. Thank you, sir.

Senator **Burdick**. I kind of favor the position of our old chairman——

Senator **Moynihan**. Our chairman emeritus.

Senator **Burdick**. Yes, exactly.

Senator **Stafford**. I like chairman emeritus better than old chairman.

Senator **Burdick**. I would like to ask just one question. It is a minor matter, but it is a matter that I would like to know about.

To what extent do the courts now microfilm the files?

Judge **Brieant**. We microfilm in our district all orders and judgments. We are required to do that. I have for a long time believed that some of that microfilming was unnecessary. It is required by law, but I think some of it is unnecessary.

Recovering that is a very tedious and difficult process. We are not budgeted for nor do our rules require us to microfilm pleadings, briefs, papers, decisions, and things of that sort. We do not send our docket sheets to dead storage, but our case files, after six months, as I mentioned earlier, go to Bayonne, and when they are needed, somebody has to arrange to find them and retrieve them. Other files are being stored all over the building.

Senator **Burdick**. What is the objection to microfilming a brief, for example?

Judge **Brieant**. Expense, the labor it takes, and the occasion for retrieval of a single item. If you microfilm, you are going to microfilm sequentially.

Senator **Burdick**. I know.

Judge **Brieant**. When you retrieve a file, you have to have the entire file for that particular case.

So, if I wish to retrieve or reconstruct, as we have occasionally had to do—occasionally, we have had the files stolen from the public record room, regrettably, which, of course, is a Federal felony——

Senator **Reid**. It shouldn't be too hard since a lot of them are in the bathroom.

Judge **Brieant**. Well, it is our employee's bathrooms, and we think our employees are honest, and they are so busy they can't spend much time in there.

Senator **Burdick**. So, microfilm is not going to solve the problem.

Judge **Brieant**. Microfilming has certain impracticalities attendant to it. I would cut the microfilming down in the interest of saving money if I had the power to do it.

You have to store physical files still. Some day, we will all be on computer and we won't do it.

Senator **Burdick**. Do you have any problem in the court laying the foundation for microfilm not being the original document?

Judge **Brieant**. None whatever. Our Federal rules of evidence, I think it is section or rule 1001 has solved that for us.

Senator **Burdick**. Thank you.

Senator **Moynihan**. Once again, we thank you very much, Your Honor, and we thank Mr. Karam for accompanying you. We will try to be responsive to your very clear, very simple, and urgent request.

Judge **Brieant**. Thank you very much.

We now welcome the distinguished Administrator of the General Services Administration, Mr. Terence Golden.

We have your statement which we will put in the record, and perhaps, Mr. Golden, you would like to give us some more colloquial running through your budget overview which we have before us. I think the members will all find it in front of them.

STATEMENT OF TERENCE C. GOLDEN, ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION ACCOMPANIED BY WOLFGANG J. ZOELLNER, ASSISTANT COMMISSIONER, OFFICE OF FACILITY PLANNING, PUBLIC BUILDINGS SERVICE

Mr. **Golden**. Mr. Chairman and members of the committee, it is a pleasure for me to be here, and I particularly am appreciative of it because I feel like GSA has gotten a tremendous amount of support and cooperation from this committee, and we have a very good feeling about our working relationship.

I also think it was very useful to have Judge Brieant lead this discussion this morning, because I agree with many of the comments that he has made. I think when we consider his situation in light of our budget, it puts into focus where we are and what we are trying to accomplish.

If I could briefly give you an overview of where we are and then I would be happy to answer any questions, or if you have questions as we go along, that would be fine as well.

When I took over as Administrator approximately 24 months ago, the first thing we did as an agency was try to establish a set of goals and objectives. What were our priorities? What are we trying to accomplish overall?

What we have listed here are eight priorities as it relates to the Public Buildings Service. I won't read them or go into them in any detail, but I would describe it as a basic meat and potatoes fare, a very simple, clear-cut strategy for the agency.

As far as our performance to date is concerned, as you can see here, in terms of streamlining the agency, we have had to date approximately a 15.7 percent reduction in staffing overall within GSA. We estimate by the end of this fiscal year that we will be down to approximately 80 percent of the staffing level we were as an agency when we started two years ago.

I would like to emphasize that we are probably more productive today than we were before. Many of the reductions represented eliminations in overhead and staffing in support functions and not a reduction in overall direct activities within the agency.

Senator **Stafford**. Mr. Golden, has that reduction occurred as a result of attrition or separations or what?

Mr. **Golden**. Well, we have not had many RIFs where we have actually put people out on the street. There have been a small number. I think of the total reductions that we are talking about, less than 200 people have actually been put out on the street.

We have had a very aggressive out placement program. We have been working with other agencies, with other city and State governments, and other corporations and have been able to accomplish that in a very smooth manner.

I might add that of that reduction, about 65 percent represents an outright reduction or elimination of jobs—pure efficiency improvements. The balance represents functions that have either moved into the private sector or have been moved on to other agencies where they could be performed more effectively.

In essence, as a central agency, we have been trying to unbundle, to get out of businesses where we are not really making a contribution and someone else can do the business better.

We have a major program underway to also save space within the Federal Government. We think we can save over approximately a 10-year period about 10 percent of the space that we are currently utilizing for our existing operations.

Now, a 10 percent reduction, which is roughly a 20 million square foot reduction in space, may not seem like much, but I think if you put it into perspective and realize that this is about twice the amount of space that we have in downtown Minneapolis today, you get some perspective on the amount of space that is being reduced.

We are moving in the direction of getting our employees into 135 square feet per person, but at the same time that we do that, what we are really trying to focus on is a quality work environment where we put them in much more productive, efficient, higher quality space as we make those reductions in space.

Senator **Moynihan**. Help us on that if you can. What would the standard of a good stock brokerage or a——

Mr. **Golden**. Well, a good stock brokerage firm in New York would be a lot less than that, but the Government today is——

Senator **Moynihan**. Let us say a real estate firm in New York or——

Mr. GOLDEN. I would say that is a reasonable level for a firm in an open office environment. That would represent a good level of efficiency overall.

We started out in this Administration at about 170 square feet per person. We are now down to 159 square feet per person, and I think we are going to continue to make reasonable progress there.

Senator MOYNIHAN. You do know that this Administration started out also contemptuous of public servants, and I don't mean to be too blunt about it, but we will want to hear from you that this is good management, not punitive.

Mr. GOLDEN. Well, I really want to emphasize, first of all, for this Administration and particularly my own position, the Federal work force, as you will see, comes number one in my mind and heart. The emphasis on reducing space is coupled with a real emphasis on a quality work environment to provide them with good quality space that reflects their dignity and importance in the functions that they serve as well as good business practice.

A person that is in a good working environment with good telecommunications and good computers is going to be a more productive person, and that is really what we all want to have. So, this is not an effort to squeeze and crunch, although it had started out, I think, as a practice along those lines.

I think as far as the changes in our inventory is concerned, that although we have been very successful in space utilization, there have been off setting increases. If you look at this chart, the blue area represents improvements in space utilization through efficiency. As we have become more productive in eliminating vacant space and reducing the amount of space we are using per person, it really has been almost offset by a growth in government.

The fact of the matter is, as far as GSA is concerned, the Government hasn't been reducing. The number of people we are actually housing has increased, and that is evidenced by the red area in the chart. So, although we have been very good in terms of our overall improvement in productivity of using space, we have in fact seen some net growth in Government, and that includes growth in the law enforcement area, growth in the military, and growth in several other agencies.

Senator MOYNIHAN. Could you say that again? That is sort of not without its importance.

Mr. GOLDEN. If I could look on the chart, changes in inventory——

Senator MOYNIHAN. That red line represents personnel?

Mr. GOLDEN. Exactly. That is the growth in space as a result of an increase in the number of personnel being housed in GSA spaces. Offsetting that is the blue area which is the savings in space that we have actually accomplished through greater efficiency.

We have had a net reduction of about 3 million square feet, as you can see, we have reduced about 8 million square feet and that has been offset by about 5 or 6 million square feet of growth in the number of people actually being housed by GSA.

Senator MOYNIHAN. You have got just a little bit of apples and oranges there. It is a very pretty chart. Are you saying that the top curve is simply total Federal employees in GSA space?

Mr. **Golden**. Let me see if I can restate this. The line you see in the center there, the black line, that is actually the trend in our net space in the GSA inventory, and we have had a net reduction from the beginning, using as the base level zero, of 3 million square feet in our overall inventories in Government.

But there have been a lot of pluses and minuses that have gotten us to that net position of minus 3 million. The plus has been we are actually housing more people, and the minus has been that we are housing overall government more efficiently. As a result of those two offsetting trends, the net trend is downward, but in fact, we are housing a lot more people than we ever did.

Senator **Moynihan**. Can we get those numbers, Mr. Golden?

Mr. **Golden**. We would be happy to provide that.

[The material requested follows:]

Number of Federal employees in GSA controlled space.

		Number Personnel
AS OF	8/29/80	857,747
	9/30/81	883,116
	9/30/82	878,875
	9/30/83	878,286
	9/28/84	882,713
	9/30/85	887,294
	9/05/86	893,188
	6/30/87	898,823

Mr. GOLDEN. One of the things that has been very successful has been our acquisition program, acquiring buildings for Government. It has accomplished a number of things.

One is we have moved out of very costly leased space. At the same time, we have also accomplished a number of other objectives that we have been trying to do at the same time, and that is space reduction, and consolidation of agencies in Government.

What we have discovered as an example here would be the Department of Defense. The Department of Defense is in 107 locations now. What we have tried to do is reduce the number of locations and become more efficient and get the agencies consolidated.

Finally, what we have also been able to do is dramatically improve the quality of the work environment for the Federal worker. As an example of this, one of the things we are in the process of doing now, and we have actually acquired the buildings to do this, is to consolidate the Commerce Department.

I think this is graphic evidence of how we can use our space more effectively and efficiently. We have developed with the Department of Commerce a consolidation plan for Washington, D.C. Currently, they are located in some 21 different locations in Washington, D.C.

As a result of this plan, we will reduce the number of locations to 4. We will reduce their space utilization rate from 169 square feet per person to 133 square feet per person. And as a result of the savings of space which amounts to about $50 million over a 30-year period and the savings of going from lease to ownership, $105 million, we will have saved the Government, by providing better quality space and reducing the amount of space, approximately $156 million on a present value basis over the next 30 years.

Senator MOYNIHAN. If I could just say that this is the sort of thing that Senator Stafford and Senator Randolph were worrying about a decade ago which is the proliferation of leased space and the turning away from ownership. Can I ask you to go through that?

When you say present value, will you help an ignoramus on how that—the compounded value over 30 years would be much higher, wouldn't it?

Mr. GOLDEN. That is right. In fact, this is the opposite. The actual savings will be much higher. This is the value of those savings in today's dollars. So it measures the total value of the savings over 30 years in today's dollars.

Senator MOYNIHAN. Would that involve the time value of money.

Mr. GOLDEN. That is correct. That is the adjustment factor there.

I might add the savings that we identify here are actually savings in GSA costs of providing the space. The Department of Commerce estimates they will save about $7 million a year as a result of improved efficiency in their own operations by being co-located.

Senator MOYNIHAN. You have this in place?

Mr. GOLDEN. We have acquired the buildings.

Senator MOYNIHAN. The plan is in place.

Mr. GOLDEN. That is right.

Senator MOYNIHAN. You know where the four locations are going to be.

Mr. **Golden**. Correct. We have made the commitments. It is a matter of delivering the buildings over the next three years to accomplish it, but all parties are agreed and it will in fact happen over that period of time.

As far as the Federal Buildings Fund is concerned, we do have some major issues, and this is really where I would hope we could focus a lot of our time, and it really does point out the concerns that Judge Brieant has mentioned to us.

Number one, we have a major backlog of work in our repair and modernization area, some $5 billion. We have to recognize that on average, our Federal buildings are 40 years old. There hasn't been any major work done on those buildings in the last 20 years.

We are in a situation where many of our buildings require major repairs. I cite the Pentagon as just being one example that has major needs—asbestos work, an electrical system that is overloaded, heating, and ventilation and air conditioning systems that are archaic and incapable of delivering the service that is necessary.

In essence, in the Pentagon alone, we have about $500 million worth of modernization work that absolutely needs to be done, much of which is critical from a health and safety point of view.

That is characteristic of most of our inventory, particularly here in Washington, D.C.

In addition to that, and I don't believe that many people really realize it, and I have to say that I was surprised as a person coming into Government to discover it, roughly 50 percent of our Federal work force today is in leased space. Our lease budget is going through the roof which I will discuss in a minute.

We really don't have funds available for new construction given this set of circumstances, and despite our best efforts, the expenditures in this area, particularly as a result of increases in rental rates that we are going to be experiencing, will dramatically exceed Gramm-Rudman. From my perspective, we need to work——

Senator **Moynihan**. Could you take us through what you just said?

Mr. **Golden**. Well, I think if we go to the next chart, we will begin to focus on that.

Senator **Moynihan**. Exceed Gramm-Rudman. We will need to go through that.

Mr. **Golden**. Yes.

As far as repairs and alterations are concerned, what we have identified here is our expenditures for fiscal years 1987 and 1988. We have categorized those expenditures. There are several different items to note here.

We have roughly a $5 billion backlog of work that needs to be done in our Federal buildings. I would describe it as being——

Senator **Moynihan**. And that is your lower bottom line.

Mr. **Golden**. That is correct. It represents twenty years of neglect as far as I am concerned in terms of maintaining and modernizing our buildings.

Senator **Moynihan**. That 20 years goes back almost precisely—has been the repeated observation. I would say to our new distinguished colleague, Senator Reid, that about a decade ago we began asking about what is going on here, and it doesn't come to much more than a decision in the Johnson Administration to cease the acquisition of new properties as you expanded government facilities as a budgetary response to the pressures of the Viet Nam hostilities.

Mr. GOLDEN. I think you will see that in our next chart where we discuss how much our rental rates have increased and how much rent has increased. You can see immediately where that began.

Senator MOYNIHAN. Twenty years after we started leasing, we could have paid for those buildings.

Mr. GOLDEN. I think that is clearly the case. We would have paid for the buildings and probably been able to accomplish the modernization of the balance with the savings that could have been accomplished.

Senator STAFFORD. Mr. Golden, just for clarity of understanding, the $5 billion repair and alteration backlog, that is with reference to federally owned buildings?

Mr. GOLDEN. Federally owned buildings.

Senator STAFFORD. And not to leased buildings.

Mr. GOLDEN. That is correct, and those buildings are, on average, 40 years old. Like the Pentagon which was built at the beginning of the second World War, not much has happened to them in the intervening period, and every system in them is in need of repair.

The highest priority we have been placing is in the area of health and safety. This is probably one of the few occasions where I will disagree with Judge Brieant, and that is that the Federal worker has to be put in a healthy and safe environment. We have some major problems, PCB transformers that we absolutely have to remove from the buildings——

Senator MOYNIHAN. Will you do that?

Mr. GOLDEN. Yes, we will.

Senator MOYNIHAN. I don't want to be too anecdotal, but in Binghamton, New York, we had put up a brand new spanking—one of those Nelson Rockefeller wonders, much too high for the environment and so forth, a 14-story brand new State office building with a transformer in the basement full of PCBs which caught fire, got into the brand new air conditioning, and 10 years later, the building is still closed.

Mr. GOLDEN. That is right.

Senator MOYNIHAN. And the only thing that has happened in 10 years is that the cost of tearing it down has increased. You just look at this brand new thing and it is just there.

Mr. GOLDEN. And really the question is how do you get the toxic substances out. It is a major challenge.

Senator MOYNIHAN. Don't spare a moment getting those PCBs out of those buildings.

Senator REID. You say you are going to get rid of them but not now.

Mr. GOLDEN. What we have is a 3-year program which we are in the second year of now which will in fact eliminate those PCB transformers from all of our buildings. We are moving with all deliberate speed. Money is not a constraint in terms of our removing those PCB transformers. It is a question of getting them designed and put in place, and we have given that our number one priority overall.

Senator **Reid**. That does not apply to asbestos, though. That is not on a 3-year track, is it?

Mr. **Golden**. On asbestos, what we have is a much more project specific plan for asbestos. We have an asbestos evaluation program. In fact, we have gone through all of our Federal buildings, and we have prioritized asbestos projects. There are those that we are monitoring where we don't feel we need to remove the asbestos. For those where we feel we need to remove the asbestos we have prioritized those, and we are trying to move through that inventory as quickly as we can.

It is a much longer range problem, and it involves a lot more money, about $350 million for the buildings that we have identified where we have either got to abate it in some fashion or remove the asbestos.

But that and sprinkler systems in our buildings are our highest priorities, the health and safety issues. I might add we are adding elevators into that category, too, because some of these elevators are now 40 and 50 years old and in need of replacement, particularly here in Washington, D.C.

So, you can see a vast amount of our budget is involved with that. I might add if you look at modernization, the $211 million that we are projecting for fiscal year 1988—much of that is modernization work that is being done in conjunction with asbestos removal and sprinklers. Once you go into the building and gut them the way you have to do there, you have modernized the building at the same time.

So, it is almost, from a modernization point of view, ancillary work to doing our health and safety items as opposed to the other.

The final item here is the courts, and we are anticipating spending $38 million. It is shown as repair and alteration under this listing because that is the way it appears in the category. Really what that reflects—and this is an area where I think the Judge didn't understand our budgeting system—those dollars are actually being spent, for the most part, on rearranging existing space to meet court needs so that the preponderance of that money is in fact being dedicated for that particular purpose.

Senator **Moynihan**. So, we will get to the question of new construction.

Mr. **Golden**. That is correct.

So, essentially what we have been forced to do in terms of our operating budget is really halt new construction and focus on meeting our critical needs. The needs in health and safety and the needs for basically the courts are the two driving forces that we live with right now.

As far as the other problem——

Senator **Moynihan**. Did you say you have had to stop the new construction?

Mr. **Golden**. We have basically stopped direct funding construction of new buildings.

Senator **Moynihan**. Then the next thing you are going to tell us is the exponential rise in the rental budget?

Mr. **Golden**. That is right. And this has really been the other part of our problem. In addition to having a tremendous repair and alteration program in front of us, the modernization program, we have had some major problems in the sense that our rental of space account has gone through the roof.

Really, this has been as the result of two different situations. One is a decision in the early 1970s to stop the construction of new Federal buildings. Really it was a response to the budgetary pressures of the 1970s, Viet Nam and the increasing expenditures in the social programs. It became very easy in the sense that in leasing, you only pay for the lease cost in that current year, and when you budget for a capital project like a building, that full expenditure occurs in year 1.

So, the direction generally was to lease instead of purchase.

The second thing that has happened to us now is that we now are in a situation where 50 percent of our space is in fact leased space.

Senator **Moynihan**. We crossed that 50 percent mark.

Mr. **Golden**. We are right at that point, about 49 percent at this point.

The difficulty is now many of those leases that were made 20 years ago are now coming up for renewal. The EPA is a good example of that where the building is now up for renewal, I believe, in 1990. We are paying in the range of $6.50 per square foot today. We will pay about $30 a square foot if we continue to lease that building at that time.

That dramatic difference is more than we can handle.

Senator **Stafford**. Yes, and I ask you about that specific matter, because I get the impression, as a non-expert in this field, that throughout the country and even here in Washington there has been some over-building of office space. I pass by a large building on Shirley Highway that is sitting empty after a couple of years, and I am glad I have no part of the ownership.

So, I am going to be a little surprised when you tell me that rents in the Washington area have been going up very rapidly. Is there no excess building in this city?

Mr. **Golden**. There is some excess capacity, but this is clearly not a market that is over-built.

Senator **Stafford**. I see.

Mr. **Golden**. And there has been a tremendous growth. If you look at the absorption of space in this city and the growth in this city, it is not an over-built city.

That is not the case in other cities, though. We have the Denver, Dallas, Houston markets that clearly are excessively over-built, and there are others in Oklahoma and elsewhere where that is not the circumstance.

Senator **Stafford**. But that isn't true here in Washington.

Mr. **Golden**. That is not. I think that from our perspective, this represents a real opportunity where we do in fact have a long-term need and where there is a short-term significant vacancy problem, an opportunity to buy buildings at a discounted value. That is the kind of opportunity I think we should take care of.

Senator **Reid**. Do any of these represented on this chart have the lease-to-purchase concept?

Mr. GOLDEN. No, they do not.

Senator MOYNIHAN. And we started talking about this in about 1976 or 1977. We had a $400 million rental bill, and we have talked about it every year for 10 years and we now have a $1.6 billion rental bill.

We haven't turned this around.

Mr. GOLDEN. Really, what we would like to suggest as the prototype is what we are including in the 1988 budget for Oakland. That is, we have a very attractive offer from the City of Oakland where they would build a building to our specifications on land that they are giving to us free of charge. They would arrange for the 30-year financing of the building with tax exempt bonds, and they would charge us an annual rental rate equal to the cost of constructing the building and the debt service on the building. At the end of 30 years, we would own the building basically for no consideration.

So, it is a way of lease-purchasing the building, at very attractive rates, and it makes a lot of sense as far as the Federal Government is concerned. We would be stabilizing our costs over the 30-year period. We wouldn't be paying real estate taxes. Because we would have a 30-year government guarantee of the lease, we would get much lower financing rates than a private developer would where we were leasing, and we would get the advantages of the equity build-up during that time frame.

So that is really the direction I think we ought to move more in, instead of leasing on 5 or 10 or 15-year terms when it is clear that we have a long-term stable need for Government space. We should take advantage of our credit and our abilities and lease over the long term, 30 years, and get ownership as a part of the transaction.

Senator MOYNIHAN. I think that Senator Stafford and Senator Reid would be interested in your proposal down on the bottom there. The 1988 budget includes $800,000 for planning an international and cultural trade center at Federal Triangle.

Mr. GOLDEN. That is another example of what we are trying to do. It is the same issue in terms of lease-purchase.

Senator STAFFORD. Mr. Golden, before you get to that, and we certainly are very much interested in that, on the Oakland building, would we also own the land on which the building is built at the end of the 30 years?

Mr. GOLDEN. Yes, we would. That is correct. We would own the land from day 1.

Senator REID. Mr. Chairman, may I ask a question?

Senator MOYNIHAN. Of course.

Senator REID. I see this alternative financing test case. Are there any programs where the private sector would lease to us, the Federal Government, under the same provisions basically?

Mr. GOLDEN. Exactly. It really doesn't require a municipality to be a partner in this. We could do this with a private developer, and he could accomplish the same task just as easily.

It so happens in the case of Oakland that one of the carrots to get us to be in Oakland was in fact their giving us the land free of charge. In other markets, it would be our expectation that we would work with developers and not municipalities.

I think this program makes sense. Last year, Congress authorized us to take a similar approach in other areas, and what we are focusing on today and working with this committee on is legislation for the international trade and cultural center at the Federal Triangle here in Washington, D.C.

Basically, that would permit us to build roughly a 2.7 million square foot building where 500,000 square feet would be used for the international trade and culture center. The balance would be used primarily by the Justice Department to meet critical space needs here in Washington, D.C.

I think Justice, if I can remember the numbers correctly, would reduce the numbers of locations that they would be in in Washington, D.C. from some 36 down to 8.

Senator MOYNIHAN. 36 to 8, and this is land we own and land which, as I was remarking earlier to Judge Brieant, we are finally going to get around to finishing Andrew Mellon's Federal Triangle.

Now, we call this the international trade and cultural center, but 80 percent is office building space for the Justice Department.

Mr. GOLDEN. Basically, only 500,000 square feet in the building would be used for the trade center.

Senator MOYNIHAN. And your idea is to have a corporation that will be put in place for this purpose to run this for 30 years, a nonprofit corporation, and at the end, the structure reverts entirely to the Government and the land has always been the Government's.

Mr. GOLDEN. That is correct.

Senator MOYNIHAN. And it is not just the Justice Department, if I recall.

Mr. GOLDEN. No, the State Department would have some of their offices there, principally their passport offices and other international aspects. We would also have parts of the Treasury Department there as well.

Senator MOYNIHAN. So, the Treasury which is just 200 yards away in its own original building will be over there.

Mr. GOLDEN. That is right. And the IRS and Alcohol, Tobacco, and Firearms and others are already the primary occupants of the Federal Triangle itself, so they would be co-located within the Federal Triangle.

Senator MOYNIHAN. And Justice Department is in the Federal Triangle, the Attorney General's office.

Mr. GOLDEN. That is correct.

Senator MOYNIHAN. So, they would be 150 yards or 200 yards, whatever. And you get Justice down from what did you say?

Mr. GOLDEN. I am trying to recall these numbers, but it is something on the order of 37 locations to 8 locations in Washington, D.C.

Senator MOYNIHAN. And the State Department down from about 15 to——

Mr. GOLDEN. Well, we are also working their consolidation around Main State, and I believe that number is going to go down from 26 to 6 locations when we are all finished.

Senator MOYNIHAN. 26 locations to 6.

Mr. GOLDEN. That is correct, and those are rough numbers.

Senator MOYNIHAN. The State Department runs buses all over town, does it not?

Mr. GOLDEN. Exactly.

Senator MOYNIHAN. Oh, here are the numbers. Treasury from 38 to 4, Justice from 26 to 3, and State from 16 to 3. So, you have Treasury in 4, Justice in 3, and State in 3. Treasury in 4 means the Treasury building and then across the way the Federal Triangle which is what Mr. Mellon planned.

And we won't have to put up really very much money at all.

Mr. GOLDEN. There won't be any initial capital expenditures. Included in our rent payments or lease payments would be payments that would amortize over time the cost of that building.

Senator MOYNIHAN. Yes, the capital will be raised by the nonprofit corporation.

Mr. GOLDEN. That is correct.

And I guess the final point I would like to make is that we do have a number of changes in the public building legislation that would greatly help us.

Number one, as far as prospectus requirements are concerned, currently—and this is one of the problems that Judge Brieant alluded to—is the fact that for any prospectus, any repair and alteration project above $500,000 today we need to come to Congress for a specific line item approval of that project. That prospectus level has not changed since fiscal year 1972.

We would also like to have the ability to get involved in multiyear contracting——

Senator MOYNIHAN. You say that is the matter that Judge Brieant raised when he suggested $1 million. You are suggesting $2.

Mr. GOLDEN. $2 million; that is correct.

Senator MOYNIHAN. And in constant dollars, it is not that much.

Mr. GOLDEN. It wouldn't be that significant a change from where we were in 1972.

We also have a number of other provisions, as you see, listed here that I think would greatly enhance our abilities to operate and we would become more efficient and effective by doing so.

That concludes my remarks, Mr. Chairman. I would be happy to answer any questions you may have.

Senator MOYNIHAN. I am going to turn immediately to Senator Stafford, if I may, as he has to leave, but we will get back to the question of courts and what you a planning to do and then we are going to hear more about why the Gramm-Rudman makes this all illegal.

Senator STAFFORD. Thank you, Mr. Chairman.

Mr. Golden, I do think you are doing a good job and probably the best one that has been carried on since I have had the privilege of serving on this committee. I have watched several of your predecessors leave in total frustration over the years without really changing the tides that were flowing.

But nobody ever agrees with everything, and having said that, I have been a little disturbed by what appears to this Senator to be an attempt to bypass the authorization process in one or two instances through a request for appropriations for the Department of Transportation and the Environmental Protection Agency buildings.

So, let me ask you these questions.

Is it correct that you have been working with the House Appropriations Committee to authorize the major portions of your building program in the appropriations bill and does this include major projects to consolidate the Department of the Navy and to build a Pentagon annex as well as new headquarters for the Department of Transportation and EPA? And if that is your plan, when do you plan to come and brief this authorizing committee?

Mr. GOLDEN. Well, I think as far as that is concerned, we are at least within GSA underway with all of those plans, and we have had discussions and have identified those as being issues for all parties concerned.

As it relates specifically to EPA and the Department of Transportation, I think the House Appropriations Committee, recognizing that we have a short-term, high-pressure situation, did in fact take steps to include in their bill language authorizing a lease-purchase projects for EPA and the Department of Transportation.

I don't think they intended and certainly we do not intend, to bypass the authorizing committees. In fact, they have themselves amended the language included in the budget to state something to the effect that these projects are subject to prospectuses being approved by the authorizing committees.

From our perspective, we got into a time crunch in the sense that the prospectuses for EPA and DOT were in OMB for approval. They have in fact been approved verbally, and we are just getting the paperwork through.

So, we got into a situation where they were marking up and trying to be cooperative, but I think from their perspective—I know Chairman Roybal had no intention of bypassing the authorizing committee, and certainly we have no intentions here of doing that, and I can say any of our major projects, we will not begin them until they have been authorized by this group.

Senator STAFFORD. Well, as you know, we are going to fight anything that appears to us to start us backsliding to the situation we were in.

Mr. GOLDEN. Well, I have to stick up for Chairman Roybal in the sense that he is very sensitive to this. He has probably said something to me on 15 or 20 separate locations about this, and I think he is tuned into that particular issue. I know it has been a problem between the committees in the past, but I have to say in this particular case, his intentions were good, and I think the fact that the language has been corrected to include being subject to prospectus approval is an indication of where he really is coming from.

Senator STAFFORD. In the immediate past and for the last 9 years, the committee has fulfilled its obligation to authorize appropriations for public buildings projects through development and passage of an annual authorization. In the past 9 years, the Administration has gone with this method of doing business.

However, I don't think we have an authorization bill sent up by the Administration yet this year to this committee, and I would wonder if there will be one and if the Administration intends to submit one for next year.

Mr. GOLDEN. Yes, we do. From our perspective, we think the annual authorization makes a tremendous amount of sense. From GSA's perspective, we have been working with OMB trying to get the aggregation of our repair and alteration projects and prospectuses up so that we can present them as a package, and they have been coming piecemeal to us, and we have been moving as quickly as we can to get them pulled together, but in general, I would say that we are very supportive of the annual authorization as a package as opposed to a piecemeal approach.

Senator STAFFORD. Is it correct that GSA recommended to the judiciary that it should seek its own appropriation of $18 million to provide new court facilities for 52 new bankruptcy judges authorized last year? Has that occurred?

Mr. GOLDEN. Yes, we had suggested that they do that, and it really is a reflection of our concern and our feelings that we share with Judge Brieant that we need to place more priority on the courts.

I guess our concern within GSA has been that we have had inadequate funding and that, in many cases, the Congress has been authorizing judgeships, either district judges or bankruptcy judges, and no allowances have been set aside to provide the funding for those particular courts.

They have put a tremendous strain on the building fund, and it was our suggestion that we move forward with that. We have since had some discussions both here and with OMB, and I think from OMB's perspective and from ours now, what we would prefer to do is probably continue to include them in our expenditures as far as GSA is concerned but that there are a number of enhancements that we think we need to do in the planning process in our communications in order to become more effective than we have been in the past.

Senator STAFFORD. Mr. Golden, what would concern us here is that first of all, GSA is charged with the responsibility for providing courts with their facilities and, secondly, the danger of setting a precedent by allowing the judiciary to go outside for relatively minor expenditure that it sets for other agencies which might like to get out from under the GSA if they could and would be tempted, I think, by any precedent they see to try to do so.

That might again bring us into a chaotic position, and that is what would worry me in this particular instance.

Mr. GOLDEN. I think that is a point well taken, and I think we basically are in agreement with you and the position OMB has on this. I would only hasten at the same time we also need to work on the issue of funding to make sure we adequately fund the responsibilities we have so we can get the job done.

Senator MOYNIHAN. Could I ask my friend, Senator Stafford, were you suggesting that the proposals of Judge Brieant were not something that we should——

Senator STAFFORD. Oh, no. I was only suggesting that letting the judiciary go off on its own without the authorization of this committee and apply money separately, bypassing us would get us in trouble.

Senator MOYNIHAN. Oh, that is a very different thing from the Judge's suggestion that there be a line item in the GSA budget.

Senator STAFFORD. Exactly. I don't want to see us backsliding towards the difficulties we had 10 or 12 years ago.

Earlier this year, Mr. Golden, GSA purchased a building in Silver Spring and has options on four additional buildings to be built by the same developer. Three of the options expire on June 30, and I understand Senator Roth has asked the General Accounting Office to investigate numerous alleged deficiencies in the initial building.

Can we get your assurances that GSA will not exercise these options until GAO completes its investigation and questions about the building thus far produced are resolved?

Mr. GOLDEN. Yes, we will do that. I might add we also have an extension from the developer on those additional expansions, and I would also like to assure you that, as far as we are concerned, the reports in the newspaper were absolutely false in every regard.

Basically, they took a report of our own internal GSA report of a building inspector that went out and inspected those buildings 4 or 5 months prior to their completion, and we identified specific issues that we wanted to track and talk to the builder about, and prior to our acceptance of the building, those items were in fact corrected or money was set aside to make the corrections that we believed needed to be done.

I think it was an opportunity to take a cheap shot at the agency that wasn't deserved in that particular case.

Senator STAFFORD. Finally, as you know, this committee has jurisdiction over the Nuclear Regulatory Commission as well as the public buildings program of GSA. I am told the new schedule to move NRC into the new White Flint building is now a year beyond the original target date.

Can you assure the committee that GSA will meet the new date for occupancy of the White Flint building?

Mr. GOLDEN. Yes, I can.

Senator STAFFORD. All right. Well, thank you, Mr. Golden.

Thank you, Mr. Chairman, for letting me go first. I will have to leave shortly. We are going to authorize some legislation on AIDS in the Labor and Human Resources Committee, and I want to be there for that.

Senator MOYNIHAN. Well, of course you do.

Senator Reid.

Senator REID. Mr. Chairman, I have followed this hearing with great interest. I think we have a responsibility. I go back to the statement that you made earlier that one of the things we have to be careful about is that we don't become involved in this thing that has been popular the last few years that all people involved in government are bad; they are the enemy.

If in fact you look at what we have heard here today and then later on we are going to hear testimony about our infrastructure—the chairman has called some hearings about that—which is in disastrous shape, the infrastructure of our highways, our bridges, our roads. And now if we throw in our public buildings, we find we are in real difficult shape.

If in fact this were a business in the sense of private enterprise, I think we would be in real trouble with the shareholders. They wouldn't put up with what we have here, and that doesn't include the employees.

I think that instead of criticizing the employees that work for the Federal Government, they work under some real bad conditions, I think we should be congratulating them rather than trying to make them not first class citizens, as some do.

It is clear to me that you have done some good things to make the real property aspect of our government more efficient. I think you have come up with some innovative ideas. I think we have to carry them out. I think it is important that we do so.

I do say, however, Mr. Golden, that I guess we have enough money, but we haven't been directing it in the right places. I think we have to prioritize the things that we are spending this $1 trillion approximately each year on.

If we are going to have happy employees, if we in effect are going to have a government that runs well, we are going to have to do something about this infrastructure. It is falling apart around us.

The sums of money are not that big. When you talk about costing roughly $5 billion to build a B-1 bomber, and we are talking about some things here that really don't cost a lot of money when we put it on a relative basis with the $1 trillion budget we have.

The figure the good Judge mentioned this morning is that the entire court system, if I recall his testimony correctly, is about 0.1 percent of the Federal budget. That is quite small, and I can only reflect on my personal experience having practiced law for many years and what has happened to our court system in Las Vegas.

We have our senior judge trying to hold court in some temporary facility, and it is just not a good way to do business.

So, I hope that this subcommittee and, subsequently, this committee, Mr. Chairman, can try somehow to get across to our colleagues that we are going to have to do something about redirecting some of these dollars. It is just not right. The President said yesterday that he is not going to agree to any new taxes. Of course, there aren't enough votes to override any veto that he might issue.

However, I am very concerned about the foundations of this Government, because that is what this committee deals with, the very foundations of the Government, and that doesn't include the highways, bridges, and roads that certainly are of concern.

So, I appreciate the hearing. I especially appreciate the newness of your thoughts, because certainly we need that, but no matter how original or capable you might be, if we don't provide the basic dollars for you to operate, it doesn't matter how good you might be.

So, I would hope, Mr. Chairman, that somehow we can bring back to our government the idea that we need things for people to work in that are adequate, and I think that you have done a good job in the way that you have conducted these hearings, and I look forward especially to this infrastructure work we are going to do later on.

Thank you.

Senator MOYNIHAN. Thank you, Senator.

I think, if I can, I want to ask Mr. Golden now to go through some specifics.

Mr. GOLDEN. Sure.

Senator MOYNIHAN. I have to go back to what do you mean by the proposition that this is something Gramm-Rudman will not allow?

Mr. GOLDEN. Well, what I said there, and I may have mis-spoken, was that when you look at the rental figures that we have, we cannot live within the Gramm-Rudman targets with this budget. By definition, our rental payments are increasing so rapidly that we could not in fact reduce expenses over that period of time.

Senator MOYNIHAN. You are making a generic statement. Your budget is not going to go down; it is going to go up.

Mr. GOLDEN. That is right. We are not going to contribute to the reductions that are needed by Gramm-Rudman by this program. We are in fact going to be a problem

Senator MOYNIHAN. Well, I want to be very explicit on that. We started talking about this subject of rentals, $1.2 billion, years ago. It was at $400 million when we started raising this issue. The rental bill is now $1.6 billion per year, and that speaks to incompetence.

As Mr. Golden knows, we were concerned as can be that it might speak to something worse than incompetence. The number of millionaires who got no more than a contract from GSA to just rent a building for 30 years and took the contract to the bank and let the money build and then turn around and sold buildings——

Mr. GOLDEN. Well, it was terrible judgment. You know, the fact of the matter is we are renting space now in these 5 and 10-year increments as though we are a second class law firm trying to struggle to make our annual payments. We in fact not only will get into ownership but will actually reduce our lease payments if we make 30-year commitments and take advantage of the fact we don't pay property taxes and we are a lower cost borrower and the like.

So, we can save money over the short and intermediate term by taking that action, as opposed to increasing the expenditures within the fund.

Senator MOYNIHAN. This committee is tired of creating instant millionaires in Washington, D.C. because the Office of Management and Budget hasn't got the capacity to manage. It is just a scandal.

Now, can we ask you a couple of things here?

First of all, on the courts, and we have the important fact that the judiciary has testified before us, you only have $38 million in repair, but have you no construction money at all?

Mr. GOLDEN. We have several things underway as far as construction is concerned for the courts. First of all, let me say we will be coming in—and we have not completed the work with the courts yet, with a reprogramming of some $18 million that are needed for the expansion of the bankruptcy courts. So the numbers that you see today are going to be by necessity modified to incorporate the expenditures that we need for the bankruptcy courts. That is a reflection of the expanded number of the bankruptcy courts that we have.

Senator MOYNIHAN. Tell me about your plans for Foley Square.

Mr. GOLDEN. As far as Foley Square is concerned, we do include in the budget that you have before you today, design money for the Foley Square project.

Senator MOYNIHAN. Could you find that for me? I would like to see it.

What is that situation? It is city property.

Mr. GOLDEN. That is correct. We are underway as far as we are concerned with the Foley Square project. We are underway in terms of the process of moving to construct a building in that particular area. We have an architect working with us right now, Harry Wiess and Associates, doing some preliminary design work.

Senator MOYNIHAN. Who is that?

Mr. GOLDEN. Harry Wiess and Associates.

Senator MOYNIHAN. Oh, yes.

Mr. GOLDEN. They are doing some preliminary design work for us just to scope out what the project would look like and give us enough information to go visit with the city and see if we can't secure the land from them. So, they are providing us architectural advice on what we think we can accomplish on the proposed site for the Foley Square annex, and with that information, then, it is our intention to see what we might accomplish with the city and pull together a proposed which we would present here to you with a recommendation that that building in fact be constructed.

It would be our intent, although there are no commitments that have been made by the Administration yet, that it would be my expectation that there would be a proposal here that that would be a lease-purchase, in other words, that we work with the city in having an outside developer build the building for us, and we would lease it and then ultimately own it.

There is no question that that building is needed and that the courts are in a critical condition.

Senator MOYNIHAN. And nothing is happening to prevent its happening.

Mr. GOLDEN. That is correct.

Senator MOYNIHAN. Well, you don't know New York City as well as I do.

Mr. GOLDEN. Well, nothing is happening within the Administration to prevent it. Let's put it that way.

Senator MOYNIHAN. Yes, down here, but does the city know that we want and must have that property?

Mr. GOLDEN. The city is aware of it. We have sent a letter. Bill Diamond, our regional administrator, has sent a letter notifying them of our critical need for space at that location. That is the only site that can accommodate us and we have in fact had some preliminary discussions with the city.

Senator MOYNIHAN. Mr. Diamond has sent a letter. Has anybody answered his letter?

Mr. GOLDEN. Well, they have not responded. They are locking into it, and I would say that the emphasis we have now — I myself am trying to meet with the Mayor to see what we might be able to accomplish and I intend and would want to meet with you and the New York delegation to see what kinds of support we might be able to get in that particular situation.

Senator MOYNIHAN. May I then ask you this, would you see that our staff sends a letter to the Mayor from me as chairman of this subcommittee asking that he meet with you and that it would be done in the next 30 days and that we get this on paper? Because you will look up and it is gone.

I think we have a fine site. It is all parking lot, and it is just right there waiting, but you look up and they will have sold it. The next thing you know is you can't do it because it is right in the Foley Square complex. It has our trade court. We have the Federal office building there, and Harry Wiess is a good architect.

The Foley Square buildings, for their time, are good, the court buildings. They are dignified and, as Paul Goldberger said about the Federal building, now the Javitz Building, when you look at the design of the Federal office building in New York City, you could get the impression that the Federal Government does have it in for the city. It is just as undistinguished as a building can be of its time.

We are going to lock that up or you will lose it. You understand that?

Mr. GOLDEN. Yes, I understand that.

Senator MOYNIHAN. On the Federal Triangle—that is a real opportunity right there in our hands. When do you want to have a hearing and get a bill?

Mr. GOLDEN. We have a bill——

Senator MOYNIHAN. In a matter of weeks, you know, things slide by.

Mr. GOLDEN. We are moving as fast as we can. I promise you that it has our absolute priority for getting done.

Senator MOYNIHAN. You know the Shakespeare line about brief authority—we are all very transient here, and you have this moment, and it won't come again.

So, can we give ourselves a two-week deadline for that? I will hold a hearing. We can hold a hearing any time.

Mr. GOLDEN. Well, the hearing is not the problem. I think—unless you want to have another hearing——

Senator MOYNIHAN. Well, I want to hold a hearing and say we accept the bill. We have an opportunity. We can put up 2.5 million square feet and do it in a very prompt order. It is the last site on Pennsylvania. It is a parking lot. It has been a parking lot since 1930, and you can really have something elegant down there, get it for nothing, get the Justice Department into four sites.

Senator REID. Yes, the consolidation factor is incredible.

Senator MOYNIHAN. So, let's do it.

Mr. GOLDEN. You haven't got a more anxious partner than me in terms of getting it done.

Senator MOYNIHAN. But it is June. In no time at all, it is Iowa. And OMB has already collapsed; they can't even send you a budget. They haven't got enough energy in OMB to propose cutting your budget in half. That is how depleted they are.

Well, now, two other things. Judge Brieant asked about a line item for the judiciary. Can you not work that out?

Mr. GOLDEN. I think there is a way that we can accomplish what he is trying to do and do it without a lot of fanfare. There are a lot of things I would like to talk about there, but there are a few that are important.

We are making progress, and I might add the judiciary itself is making tremendous progress. Ralph Mecum, the new AO of the courts, is making some major changes in the way they approach the business, and I think some of the more enlightened judges within the judiciary are taking very much a leadership role.

Senator MOYNIHAN. All judges are enlightened.

Mr. GOLDEN. As it relates to real estate. Let's put it that way.

Senator MOYNIHAN. If real estate were their specialty, they wouldn't be judges.

Mr. GOLDEN. I think that the important thing is that we can identify with the courts what their priorities are and we can clearly spell them out in our budget. To the extent that we have disagreements between ourselves and the courts, they can be clearly identified so that the courts can speak up for their own position.

Senator MOYNIHAN. All right. Let's get an agreement. We pass authorization bills in this committee. This is a dying art. We authorize things, and we take it very seriously. Let's get such a line arrangement. If it is agreeable to you and agreeable to the AO.

Don't you think, Senator, that we should?

Mr. GOLDEN. I think the thing that I would like to do before we make a commitment to specifically identifying a line, I would like to go back and I need to visit with OMB before we make any final conclusions on that.

Senator MOYNIHAN. Sure.

Mr. GOLDEN. That is their territory, but I think the objective is to clearly identify the commitment we are making to the courts in terms of expenditures and a listing of priorities and where they rank. We need to do it in a way such that we can present our views and that the courts themselves can present their views to the Congress to decide what should be the priorities.

Senator MOYNIHAN. The Judge on behalf of the judiciary has come forth and said the decision on priorities should be made in the Congress. It is a constitutional proposition, and the judiciary is at once all powerful and defenseless. I don't know what you would do if we turned off your lights and just not appropriate money for electricity.

Senator REID. I think we had a good deal going with Mr. Golden until he said he was going to go back to the Office of Management and Budget.

Senator MOYNIHAN. Yes, we have to think about an up beat note with which to end this hearing.

Having gone to OMB, what will you then do?

Mr. GOLDEN. My sense is that we can get something accomplished that clearly spells out——

Senator MOYNIHAN. Will you tell them that this committee wants it, that Mr. Reid wants it?

Mr. GOLDEN. I sure will.

Senator MOYNIHAN. And you will tell them that we pay for their rent, too?

Mr. GOLDEN. There are a couple of points that I think I would like to disagree with Judge Brieant on. One is that I think it is important that the courts be co-located with the balance of the Federal Government in our major core cities. There are several reasons for that, some of which are really strongly to their benefit.

Clearly, all of the services supporting the courts, from the FBI to the U.S. Attorney and people like that, clearly have a need to be in the same space.

Senator **Moynihan**. Let me lay down a proposition not to be agreed with or disagreed with, but there is something fundamental in the American political system. It is called the courthouse. It stands for something, and it stands separate, and it stands in many a city in this country as the center of the city. The importance of that courthouse as against that office building is a very important one. You won't lose that.

Mr. **Golden**. And I think the issue there is that the court space needs be met and that it be in a dignified manner that is reflective of the importance of the courts in our overall context of government.

Senator **Moynihan**. Let the FBI be nearby, if you follow me.

Mr. **Golden**. Well, I would say that if we are trying to provide good quality space and provide dignity to the courts and for the courts to operate efficiently, I think the U.S. Attorney and other people that support the courts need to be there.

And I might add, and this is the second point that is really important, that if the courts need expansion, we can design future court buildings such that that expansion can be readily accomplished within an existing structure, like Foley Square. We don't want to build the court buildings just to meet current needs, but we want to have the ability to meet the needs for the extended future. Part of that is to build the basic structure in the spaces fit for courts and then, eventually, as they need additional space, move people out.

Senator **Moynihan**. We can't agree on everything, Mr. Golden. I am saying to you this committee believes that the singular symbolism of a separate court building, a court, apart from the executive, apart from the legislative—the courts are not part of the executive branch, and that matters to us.

How do you feel about Salt Lake City? Are the arrangements sufficient?

Senator **Reid**. I don't feel much about Salt Lake City, but how about Las Vegas?

Senator **Moynihan**. I meant Las Vegas. I am sorry. You have grown to 600,000 in the 1980s alone?

Senator **Reid**. Right, just in a few years.

I think there is a happy medium that can be drawn. I think the Judge would agree that a Federal court complex certainly could include the U.S. Attorney and the Public Defender and the people that go along with a courthouse. That certainly makes it more efficient, and I think the judges would be the first to agree that that is the case.

That is what you were saying. Is that not right?

Mr. **Golden**. Basically, yes.

Senator **Moynihan**. Do you have a Federal court in Reno?

Senator **Reid**. Yes, we do.

Senator **Moynihan**. Is it part of an office building?

Senator **Reid**. Yes, we do. Of course, as Mr. Golden knows, we have been concentrating on Las Vegas, but the one in Reno, of course, is in real tough shape because there we have the asbestos problem. To remove that probably will cost more than the whole building is worth. It is a little tiny courthouse, old by western standards, and yes, we do have a Federal complex in Reno and one in Las Vegas.

Senator MOYNIHAN. But whatever can be done is being done?

Senator REID. Yes. We have been working closely with Mr. Golden. The growth in Las Vegas has been phenomenal, and trying to keep up with—the court system has been additionally impacted because we have had the one judge with the problem, the impeachment, so we have had a courthouse sitting vacant there. It has been a real problem.

Senator MOYNIHAN. Well, but we know about it.

All right, sir. Is there anything you would like to tell the committee at this point?

Mr. GOLDEN. No, I think that is it. Thank you.

Senator MOYNIHAN. You are going to sell air rights of the Custom House?

Mr. GOLDEN. Yes. We are in the process of doing that right now.

Senator MOYNIHAN. How much are you going to make it there?

Mr. GOLDEN. Well, we are not certain, but we think that they are extremely valuable, and we think if the Federal Government can sell air and make something from it, I think we should do it.

Senator MOYNIHAN. There is $100 million to be got out of that, isn't there?

Mr. GOLDEN. Well, I am not certain. I don't know the final estimate of what it is.

Senator MOYNIHAN. Will you tell the OMB that that is your money?

Mr. Golden, once again, we would like to thank you for a very fine presentation. Let's get some energy going on a number of these projects. I think that Foley Square matter and the Federal Triangle matter we can do quickly and we can wrap it up.

We can get you a bill, and our able staff will be at that in no time at all.

Senator Reid?

Senator REID. I have nothing further. Thank you.

Senator MOYNIHAN. We thank you all, and we thank Judge Brieant.

The hearing is adjourned.

[Whereupon, at 11:40 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

[Statements submitted for the record follow:]

PREPARED STATEMENT

OF

HONORABLE CHARLES L. BRIEANT, JR.
CHIEF JUDGE
SOUTHERN DISTRICT OF NEW YORK

ON BEHALF OF

THE JUDICIAL CONFERENCE OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON WATER RESOURCES,
TRANSPORTATION AND INFRASTRUCTURE
OF THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

WEDNESDAY
JUNE 17, 1987

I am Charles L. Brieant, Chief Judge of the United States District Court for the Southern District of New York. I became Chief Judge last October 1st, succeeding the Honorable Constance Baker Motley, who, I am sure, is well known to all of you. I supervise the administration of the activities of a court consisting of 27 authorized district judges, along with 16 senior district judges, 10 Magistrates and seven Bankruptcy Judges. We are the largest and oldest district court in the country.

Mr. Chairman, I am honored to be here today, and welcome the opportunity, on behalf of the Judiciary, to discuss the very urgent problems we are experiencing in acquiring adequate facilities for Judges in a timely manner.

Our problems have become urgent for a number of reasons. The most dramatic is the recent increase in the size of the Judiciary. Everybody knows that our federal courts are congested and that the number of filings, over which we have no control and which, in fact, determine our workloads, are increasing every year. Bankruptcy filings, expanding almost exponentially, are the most recent and dramatic example, and in many districts, including my own, the criminal filings have also increased.

To meet these needs, the Congress has created a number of new judges, Article III and bankruptcy, and magistrates have also been added. The 1750 judicial officers we have now is a 50%

increase over the last ten years, and it looks like more to come.

The 85 district court and court of appeals judges added in 1984 was a 13% increase. The 52 bankruptcy judges, authorized just last year, was an increase of 22%. Add to these the necessary support staff, and the total facilities needed are formidable. The addition of modern electronic equipment to our support facilities in itself creates a significant need for additional space and modernization of existing space.

It has been estimated that a district judge, with his or her support personnel and facilities costs the taxpayers $500,000 per year. If they cannot function properly because there are not enough courtrooms, or inadequate chambers, or office space for deputy clerks, the taxpayers are not getting their money's worth, and the expressed will of Congress to have the judge available and functioning is thwarted.

The Judiciary budget is a small part of the total Federal Government budget. In terms of space occupied, it accounts for about 5%, 12 million square feet, of the space GSA controls. Another characteristic of court-occupied space is that it is located predominately in buildings shared with other federal agencies. The courts are in 620 buildings, nationwide, and there are only 6 buildings of significant size, over 100,000 square feet, that are wholly court occupied. I note in passing that in my own district, both courthouses are occupied solely for Court purposes.

For the space that the courts occupy, Congress appropriates for the Judiciary and the Courts pay to GSA, about $200 Million a year. These funds are paid into the Federal buildings fund, along with the several billions of dollars collected from Executive Branch agencies, and used to service all needs of GSA's clients, largely at the discretion of GSA. In addition, the Judiciary makes available about $13 Million to defray specific costs allocated to the courts, such as overtime utilities costs, finishing of chambers and courtrooms to established judicial standards, and, more recently, the requirement to pay for renovation of space which is already under the courts' control.

Two aspects of court space, location with other Federal agencies in most buildings, and the funding process are the root causes of our problems. If these problems are addressed, we believe that the current atmosphere of crisis management would be replaced by one of efficient and timely planning.

Location with non-judicial agencies requires that GSA take into consideration the needs of other tenants when changes are contemplated. When the court needs more space, other agency personnel are displaced. This displacement requires an often elaborate process itself. In some instances, the agency to be moved has found the alternate space unacceptable, causing further delays. When acceptable space is found, considerable time is needed to renovate and alter that space. More time is then needed to alter the space for the courts. If any of these activities were to cost more than $500,000, the process requires a prospectus to be drafted by GSA and approved by Congress before work can begin, and two or more years can be added to the process.

This process in itself generates delay, far beyond any countervailing benefit. A process created to provide facilities efficiently, has, ironically, become a major obstacle to doing so.

The Director of the Administrative Office of the U. S. Courts and the Administrator of the General Services Administration have been meeting on a regular basis, as have their senior staffs, discussing areas of mutual concern and attempting to find solutions to our problems. I am pleased to report that GSA has been extremely cooperative and significant progress is being made in resolving facility problems. In our own district, Mr. Golden himself and his local administrator, Mr. Diamond and his staff have improved GSA agency performance greatly. But there are problems. I would like to address some proposed solutions later.

First, it is important to realize that the process for providing new or additional courthouse space typically takes years. This delay, we believe, can be greatly reduced, without sacrificing efficiency.

The second major problem is the funding process. As noted earlier, the Judiciary does not control the facility funds appropriated to us by Congress. GSA controls these funds.

One result of this is that the courts' needs for space compete with the needs and requirements of unrelated Executive Branch agencies. Some competition, to establish priorities for the use of limited resources, is necessary. However, GSA's current plans for the use of some half billion dollars or so available for construction, renovation and related work in FY 1988 seem to put the relatively minimal courts' needs in last place.

At the head of GSA's list are projects associated with safety, asbestos removal, sprinkler systems and similar work. The second priority involves construction of government-owned, multi-purpose buildings so that high-cost, short-term government leases currently in effect can be terminated. Finally, if funds remain, the needs of the courts can then be met. No one can argue that safety-related expenditures should not be made. Nor can the Judiciary contend that GSA should not pursue economy in its leasing practices. However, the Executive Branch is not the proper place for resolving competing priorities involving the administration of justice. To do so depreciates the significance of the Judiciary as a separate branch and the Third Branch tends to finish last.

For FY 1988, for example, GSA has asked for $51 Million for the courts' needs, of which 10% is GSA overhead. By GSA's own estimate, the construction backlog for the courts involves $150-190 Million Dollars. The difference between what we believe is needed and what GSA feels that it can provide is significant. This disparity raises major policy issues. And, but for an appeal to Congressional oversight, our only forum for arguing these issues is with an agency in another branch, whose mission is remote from ours, and whose decisions are final.

The solution to this very basic problem of national priorities is to arrange a way for the Judiciary to be allocated specific funds by the Congress for its space facilities, and for this allocation to be made in that forum where national priorities are supposed to be resolved, that is to say, the Congress. Such an arrangement does not necessarily require changes in the jurisdiction of congressional committees, nor does it necessarily require significant changes in legislation or in GSA's current activities in actually designing and building facilities. It would require that this committee determine the Judiciary's need for funding for space and that the funds needed by the courts be earmarked for the Judiciary. From this, Congressional interest regarding the courts' small portion of Federal space inventory would eventuate. The National Academy of Public Administration draft report recommends that "[t]he Judicial Branch of Government be appropriated funds for all of its construction requirements ...."

I would like to turn now to specific difficulties concerning our relationship with GSA, which cry out for Congressional direction and a change in the funding structure.

The most significant problem we face is the inordinate length of time it takes to get anything done. A shortage of total dollars is one reason, but the lack of adequate planning and preliminary preparation is an equal problem.

The AO and GSA have begun to tackle this issue. Currently 35 of the 85 judges appointed under the 1984 Omnibus Act, that is some 41%, are still in temporary and, by definition, less than adequate, accommodations. For these judges, the planning for an individual judge's accommodations was begun about the time the person was chosen for the judgeship. Of course, that was too late to be effective. Given that process, and the budget and legislative constraints to which these activities are subject, perhaps we should be thankful that only 41% are not permanently housed. The AO and GSA are trying to catch up with these 1984 judges and are planning to do much better in the future.

Currently there is a proposal before Congress for 69 new Article III Judges, of which 54 are to be district judges, and the remainder are for the courts of appeal. Experience, both for the 1978 and 1984 new Judges, demonstrates that it takes approximately three years between the time the Judicial Conference recommends a new judgeship until the Senate confirms an individual. For the 69 currently pending authorization by Congress, the AO and GSA plan to work together to use this lead time to advantage.

Since court of appeals judges are authorized to locate their chambers within the circuit wherever the individual chooses, it is difficult to do much planning before the new judge is confirmed. However, these judges do not need courtrooms, as do trial judges, so facility construction is greatly simplified.

Therefore, for the district judgeships involved, the AO has asked the circuits to identify the cities where these new judges are planned to be assigned. With this information in hand, GSA and the AO have begun to assess what needs to be done at each location--a new building, renovation, or reconstruction. The next step, sometime in FY 1988, if funds can be made available, is to begin the design of these facilities as approved by the Circuit Councils, with the AO working closely with GSA. At that point, we could either wait until the statute is enacted creating the judgeships, and then ask for the necessary construction money, or we could ask for construction money at the time the judgeships are approved by the Judicial Conference. Although some of the design work may not be done if Congress should add judges to those suggested, the savings in present delays would be a large improvement over current practices. Since new judges on the average, enter on duty following confirmation, some 14 months after creation of the new judgeship, an individual judge's wait for permanent quarters in which to work at full efficiency could be reduced dramatically.

The Judiciary recognizes that it must exercise self-discipline in controlling the assignment of space. The Judicial Conference, by a special committee, is reviewing its organizational structure and methods for identifying and resolving any problem in this area. I am confident that a serious and successful effort will be made to develop a better means of control and adherence to appropriate standards.

The 52 bankruptcy judges created in 1986 are an example of this aggressive planning in a shorter time. These judges are expected to start entering on duty this month and continue to be appointed through the remainder of the calendar year. GSA and the AO have been working on this problem, with a reasonable degree of success.

The first need is to have a place for these people when they come on board. We have specific plans for housing 49 of the 52, and the remaining 3 are in the planning process. For permanent quarters, 51 specified plans have been identified, and the last, in Louisville, is expected soon. Fourteen locations, involving 20 judges, will require prospectuses since the projects each exceed $500,000.

To fund these projects, we had asked the Congress for $18 Million in the FY 1987 supplemental for the Judiciary. This request was deferred by the House, and GSA has been encouraged to reprogram the necessary funds so that work can continue through FY 1988. We will not know how successful this reprogramming will be until the FY 1987 supplemental is enacted, but GSA is trying hard to find the money needed, and, with the AO, improve the track record on completion of housing for judges. We have been assured that other court projects will not be delayed because of such reprogramming of money by GSA. If the reprogrammed dollars come from other Judiciary projects, we could be worse off in the long run. While this limited program appears to be an improvement over past efforts, it still leaves us with an obvious problem.

On a more positive note, as to the bankruptcy judges, we do hope to have available to the courts, in FY 1987, a small amount of money and the authority which will allow us to conduct an experiment in design of facilities. This would be a test to see whether, by taking control of the design projects, but clearing design with GSA and using GSA resources and contractors, we can improve on the bureaucratic delays that we have experienced in the past. The total involved is relatively small, $3 Million, but it could add significantly meaningful information to the solution of the problem of delays.

There are other factors involved and local problems often come to bear in the facility business. Perhaps some examples can best illustrate these situations. In Los Angeles we have a troublesome and potentially wasteful situation. At issue is whether the judges and courtrooms of the district court, currently housed in the Federal courthouse, will be split between that building and a new one to be constructed some blocks away. GSA has been ordered by the Congress to make arrangements for 20 courtrooms in the new building. The new building is adjacent to a Federal detention center currently under construction. It is very important to have secure holding for pre-trial detainees near the trial court, to avoid risk of injury and escape in transporting defendants in custody over congested streets. However, it is extraordinarily costly in support services, collegiality and morale, to operate two separate branches of a Federal District Court in the same city.

Community needs and interests present another aspect of local problems affecting facilities. The Custom House in New York, with which you, Mr. Chairman, are very familiar, is a good example.

In 1979, plans were initiated for the relocation of the Bankruptcy Court to the Custom House at Bowling Green. This move was delayed for a variety of reasons, including controversy over the highest use of the building. In light of the proposed conveyance of the Custom House to the Museum of the American Indian, it is now planned that the bankruptcy court will ultimately be relocated in a new federal courthouse at Foley Square. This is fine, and it is probably better to have courts near one another, however, the timetable for relocation creates greater pressure for a new Courthouse at Foley Square. In the meantime, in order to alleviate critical immediate space problems in the Foley Square Courthouse, it is essential that the existing bankruptcy space be adapted for district court use.

We have been advised by GSA that once the bankruptcy court has been relocated, probably next month, the second floor space which the bankruptcy court presently occupies will not be available to the district court for 16 months, under normal circumstances. This is another example of delay.

I would next like to set forth information concerning our current request for a new courthouse for the United States District Court for the Southern District of New York at Foley Square in Manhattan.

In 1983, a Joint Committee on Courthouse Space composed of district and circuit judges began planning for a new courthouse in the neighborhood of the existing United States Courthouse at Foley Square.

In 1984 the Judicial Council for the Second Circuit and the Board of Judges of the Southern District of New York approved a proposal for the new courthouse. The proposal received broad support from the City of New York and GSA.

There are many important reasons why a new courthouse is urgently needed in New York.

Currently, there are four district judge vacancies in the Southern District, and I am delighted to advise that four names have now been submitted to the Department of Justice for consideration. There are presently no chambers or courtrooms available in the Foley Square Courthouse to assign to any new appointees. In addition, three district judges are now eligible for senior status. Next year, an additional three judges will be eligible for senior status.

There are currently eight magistrates in the Foley Square Courthouse who occupy space which is less than specified by the United States Court Design Guide. None of their chambers and courtrooms meet the minimum standard. There is one magistrate who has not had an assigned hearing room since he was appointed in 1985. His valuable time and that of staff is wasted floating among various courtrooms which are temporarily not in use. This is absurd.

The following general offices have been constructed of wallboard, in the marble hallways of our historic landmark courthouse:

(a) The Pro Se Attorney's Office is located in the hallway on the ground floor of the building. It houses three staff attorneys and five clerical assistants and serves the public directly. Some 16% of our cases are filed by pro se litigants, in forma pauperis.

(b) The court reporters occupy space in hallways on the third and fourth floors. The computer room for the court reporters is located in the third floor hallway although the general offices for seven court reporters are located on the fourth floor. This separation is inefficient.

(c) The Press Room, occupied by 10 full-time accredited reporters, is located in the hallway on the fifth floor.

(d) The magistrates criminal part courtroom, which is used for arraignments, detention hearings, etc., is located on the third floor of the courthouse. There are no available conference rooms, and defendants, complainants, victims and lawyers mingle in the public corridor awaiting the proceedings.

(e) There is no longer a secure courtroom with restricted access by the Marshals for high risk cases. Defendants of all types are escorted through public areas by the Marshals.

(f) There is no receiving facility for deliveries at the Foley Square Courthouse. All deliveries are made at a side door on the street.

(g) There is inadequate secured parking for Judges and staff. There are only 22 spaces assigned for judges within the building, yet there are currently 35 district judges, five bankruptcy judges, eight magistrates, Clerk of the Court, District Executive, Chief of Probation, etc., etc., etc., most of whom require parking facilities. The City of New York is currently restricting on-street parking to relieve traffic congestion.

(h) There is no "closed record" room for the district or bankruptcy courts. Records are stored in hallways and sent to the archives on a six-month basis in order to alleviate file storage problems. Often they must be retrieved, at a high labor cost. There are no storage facilities for the District Court for furniture, equipment or bulk supplies.

(i) There is a critical lack of adequate space for grand jury rooms within the building. One grand jury is assembling in a makeshift room located in a hallway on the sixth floor; other grand jury rooms are located on the 14th floor in the building.

(j) Space in employee restrooms is used for file storage because of the lack of storage space within chambers.

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According to the United States Court Design Guide, there are currently 20 undersized district judge chambers and 18 courtrooms which are under the standard size. The court has been forced to use the facilities at the Court of International Trade temporarily for Naturalization and other proceedings, and is considering the temporary use of the U. S. Tax Court and Court of Claims facilities at the 26 Federal Plaza government building for magistrates and bankruptcy judges.

There are 44 judicial officers in the Courthouse, contending for 33 courtrooms on a daily basis.

The Clerk's Office will soon be receiving computer equipment which requires a special facility within the building. Until we can find space, it will be difficult to take full advantage of the automated systems which have been developed by the Administrative Office of the Courts and the Federal Judicial Center, and are so sorely needed to keep up with the work of the courts.

All of the above do not address critical space needs of the United States Court of Appeals for the Second Circuit, which is housed in the same building.

Without diverting our attention from the need for a new

Courthouse in Foley Square in New York City, I have to make note of some other issues which we will face in time to come.

Our Courthouse at White Plains, New York, which was first opened on November 14, 1983 and staffed by one district judge, one magistrate and one bankruptcy judge, has been far too successful. Two district judges are now presiding in White Plains, and on occasion a third judge tries cases there. The Court's quarters in a rented commercial building are literally jammed with people and with work, to the extent that there is simply no place for the U. S. Attorney's Special Task Force on Narcotics and another Special Task Force which he has working on tax evasion cases, and the Clerk's Office is rapidly exhausting available filing filing space. Two grand juries are taking turns sitting in the petit jury assembly room. This expensive commercial lease, which will expire in approximately six years, has already been outgrown. In light of the continued filings and the tremendous demand for judicial services, particularly in the area of criminal law in this part of our district, we must begin planning now for a larger Courthouse in the Westchester County area.

Our District is large geographically. The main Courthouse at Foley Square, which has been located in Manhattan since the adoption of the Constitution, when our Court was primarily devoted to admiralty and prize cases, is at the extreme southern tip of the District. We have a significant population north of Manhattan, and, indeed, an area of growing economic activity which is not even convenient to White Plains, and wihich places demands on the federal court system. Civil and criminal filings relating to the counties of Orange, Sullivan and Dutchess continue to increase. Criminal filings emanating out of Westchester County tripled in the last five years. As narcotics arrests spread northward, this figure will increase greatly.

I therefore foresee a need for the establishment of a satellite court within the next few years, either in the Newburgh or Monticello area, where we already have Probation Officers and a Part Time Magistrate.

There are many other examples of delays and funding problems, and of special problems that influence facilities management. Each can be used to illustrate a point, and if the committee wishes, we could provide information on them.

In summary, I would make the following points:

1. Funding--the amount made available and how it is controlled and allocated--is the basic cause of problems and holds the promise for solutions. The Congress must determine priorities between separate branches of government.

2. The process for providing facilities must include intensive and long-range planning. Some of this is being done, but more needs to be done. We need the help of Congress in earmarking funding for Judiciary space and construction.

3. At least on a pilot basis, the Courts should be given the chance to show what they can do in the area of accelerated design and planning for our urgent need for physical facilities.

4. Our budgetary process seems for some reason to be always behind the times. The number of Judges is expanding constantly as our litigation is continually increasing, beyond our control. Why are we not accommodating the foreseeable expansion needs of the courts, since we are keenly aware of the lengthy inherent delay in providing space and facilities? Just as Congress now has budgetary impact statements, I recommend that Judicial impact statements be available on all proposed legislation. At least in metropolitan districts such as my own, court-related space never goes to waste.

Thank you for the opportunity to discuss these issues and potential solutions. I would be happy to answer any questions that you may have.

June 15, 1987

STATEMENT BY THE ADMINISTRATOR OF GENERAL SERVICES
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
SUBCOMMITTEE ON WATER RESOURCES,
TRANSPORTATION, AND INFRASTRUCTURE

June 17, 1987

Mr. Chairman and Members of the Committee:

I am pleased to offer this testimony in support of the fiscal year 1988 budget and legislative program for the General Services Administration (GSA) regarding public buildings.

GSA's fundamental purposes are to serve as the Federal Government's administrative policy unit and to provide centralized services only where there are significant economic or quality advantages to having GSA perform the function. Our activities are numerous and diverse. We help manage and oversee the government's telecommunications and ADP programs. We regulate and provide goods and services to Federal Departments and Agencies. We manage a significant portion of the Government's real estate holdings with the goal of providing quality, economical space for Federal employees. GSA is responsible for the disposal of surplus property, treating it as an asset to be managed as in the private sector. We also manage the Government's stockpile operations, including the acquisition and storage of critical materials as well as the disposal of excess materials. Finally, we help set acquisition policy for the Federal Government.

To put our request of $2.9 billion for the management of public buildings in perspective, GSA's total obligations will be approximately $7.7 billion in fiscal year 1988. Most of our operations are funded by customers through payments for goods and services procured under GSA's revolving funds, by rental payments for space occupied in GSA-controlled buildings, or by direct reimbursement for services.

The fiscal year 1988 Budget reflects the following major goals and objectives as they relate to PBS:

1. Continue to Streamline the Agency
2. Reduce space used by the Federal Government (savings potential of 20 million square feet)
3. Own Space Where Economical
4. Consolidate Agencies
5. Provide Quality Work Environment
6. Address Health and Safety Issues in Federal Buildings
7. Modernize Buildings
8. Complete Delegations of Buildings Management to Agencies

We will continue to streamline the Agency, thereby providing the most effective and efficient service to our clients and the

American taxpayer. Our planned total employment level by the end of fiscal year 1988 will be less than 21,000, a reduction of more than 20 percent over a 3-year period.

The budget reflects the savings that we have accomplished from streamlining efforts over the last 18 months:

- -- reducing management layering and duplication throughout the Agency, including the consolidation of certain management functions from three GSA regions;
- -- consolidating from five to two finance offices;
- -- reducing supply depots from nine to five;
- -- consolidating from nine to five zones in the Information Resources Management Service; and
- -- streamlining headquarters operations, including reducing certain staff support functions in headquarters by 33%.

Federal Buildings Fund--1988 Budget

Turning to programs of particular interest to this Committee, our budget requests $2.935 billion in new obligational authority for the Federal Buildings Fund. This represents an increase of $486.8 million above new obligational authority available for fiscal year 1987.

A major priority in this budget is to move toward the ownership of space where economically advantageous to the Federal Government. Our request includes a major project in Oakland, California, where the city of Oakland has agreed to give land to the Federal Government, erect a facility on the site, and lease back the facility to the Federal Government over a 30-year period. At the end of the lease, the Federal Government will own the facility. We estimate a present value cost advantage of this transaction, when compared to leasing, of approximately $100 million over 30 years.

GSA's budget also includes $800,000 for activities associated with determining the viability of a proposed office building/international cultural and trade center at the Federal Triangle. The proposal is for a mixed use development of approximately 2.7 million gross square feet. The largest component would be used by Federal agencies as office space and would allow the Federal Government to vacate a substantial amount of costly leased space in the National Capital Region. The remaining space, not to exceed 500,000 occupiable square feet, would be devoted to an international and cultural trade center.

To increase ownership where economical and reduce GSA's large rental bill, we have budgeted $150 million for building purchases. We have used the building purchase program to acquire existing facilities that meet the Government's requirements and thereby avoid rental payments. We have also used this program as leverage to accomplish major agency consolidations by purchasing an initial facility, and simultaneously acquiring options to enter into long-term leases for additional adjacent space over subsequent years. Purchase options are included in these long-term leases. Through this mechanism we are able to consolidate agencies and thereby enable them to achieve significant cost savings and management efficiencies. Over the last 18 months, we have purchased buildings in Miami, Atlanta, and the Washington, D.C. metropolitan area. In fiscal year 1988 we anticipate continuing this high prority program, focusing on cities and surrounding areas where large Federal populations are now housed in leased space.

The Fiscal Year 1988 budget includes $443.9 million for repairs and alterations, an increase of $174 million above the amount authorized in Fiscal Year 1987. Within this category we have targeted $94.3 million for health and safety programs and an additional $26.7 million for elevator modernization and repair. Health and safety efforts include the second phase of a 3-year program to remove polychlorinated byphenal (PCB) transformers.

Other priorities are to undertake asbestos abatement projects and address fire safety deficiencies within Federal facilities. As the Committee is aware, we recently revised regulations concerning smoking in Federal facilities in order to enhance conditions for Federal workers and visitors.

Another priority within the budget for repairs and alterations is to recapture vacant space. We have identified 14 projects where we have the opportunity to modify space that is currently vacant and occupy it with tenants currently housed in leased space. These modifications will result in significant savings to taxpayers. Further, our budget devotes resources to the modernization of existing facilities in GSA's inventory. The backlog in this area is considerable, and inventory modernization is a business practice fundamental to sound real estate management.

We have undertaken a major effort to provide a quality work place environment for Federal employees while reducing the total amount of space used by the Federal government. Through the judicious use of systems furniture and modern facilities, we anticipate being able to reduce Federal space requirements over the long-term by approximately 20 million square feet. Such a reduction will produce annual savings in excess of $300 million. Providing modern buildings that are convenient to transportation and include day care and physical fitness facilities, will enhance the productivity of the Federal work force.

The budget for the Federal Buildings Fund reflects plans to accomplish the delegation of day-to-day buildings and lease management functions to our tenant agencies. We began this program in fiscal year 1986 and anticipate completing it by the end of fiscal year 1987. This program will produce better managed facilities throughout the Federal inventory, thereby enabling GSA to concentrate its efforts on overall asset management. Under the fiscal year 1988 budget, agencies will continue to pay their rental charges to GSA through the Federal Buildings Fund. In turn, GSA will transfer to agencies amounts for appropriate expenses incurred for delegated functions.

Other activities requested under the Federal Buildings Fund for fiscal year 1988 include: $1.193 billion for rental payments, where the roll-over of long-term leases has resulted in escalating costs; $115 million for design and construction services, including where we must plan in advance for certain projects to assure their timely accomplishment; $133 million for purchase contract payments, which are necessary to meet obligations incurred under that program in prior years; $845 million for real property operations, which cover day-to-day maintenance and operating costs for GSA-controlled facilities as well as the significant law enforcement activities of the Federal Protective Service; and $48 million for program direction, where we fund overall program management and a number of centralized support services.

In summary, we believe that the anticipated revenues in the Federal Buildings Fund for fiscal year 1988 are adequate. Given the requirements placed upon the Fund, the Administration supports charging full market rates for space occupied by agencies. We oppose any efforts to place arbitrary restrictions on the amount of revenues available within the Fund.

That summarizes the major proposals in the fiscal year 1988 budget. We are not now requesting any supplemental appropriations in fiscal year 1987 and are absorbing the increased costs of pay raises and retirement contributions. The budget does not propose any rescissions or deferrals. We are requesting $61.9 million in new obligational authority in fiscal year 1987 to cover rental costs, reflecting escalating rent payments and requirements in the FY 1987 Continuing Resolution to provide additional space for certain agencies, including the Immigration and Naturalization Service and the Internal Revenue Service. Enactment of this additional obligational authority is essential to program delivery in Fiscal Year 1987.

Funding from agencies, provided in part by the Continuing Resolution for fiscal year 1987, is available within the Federal Buildings Fund for this activity.

With respect to staffing for the Public Buildings Service, our budget includes 11,007 total full-time equivalent positions, of which 9,748 are direct and 1,259 are reimbursable. This request represents a net reduction of 443 positions below comparable 1987 levels. The decrease primarily reflects savings from expanded use of private contractors, improved work methods, and other productivity improvements.

Concerning management, we are taking a number of steps to enhance the capabilities of the Agency to meet its obligations over the long-term. We've started an ambitious personnel program that includes the rotation of senior and mid-level personnel between regional offices and headquarters, enhanced training opportunities to meet the changing requirements of operations, initiated the development of performance and qualifications standards, focused on career development, and strengthened the recruitment of highly qualified individuals at entry level positions.

Legislative Proposals

Concerning legislation, we have forwarded to the Congress a prospectus package to implement the construction and repair and alteration projects in this budget. We also have transmitted several proposed legislative changes that will improve the management of public facilities.

Specifically, the Administration is proposing five significant changes to public buildings authorizing legislation to increase efficiency and to reduce costs. None of the individual changes represent significant departures from the current statutory framework guiding our activities. Indeed, we believe that the current legislative authorities provide a suitable structure to permit the effective planning, acquisition, and operation of Federal facilities. Nevertheless, these individual changes, taken as a whole, will result in significant management improvements.

Our proposals are to:

1. Revise prospectus requirements,
2. Authorize multiyear contracting for building services,
3. Revise the Economy Act to provide greater flexibility for lease alterations,

4. Provide authorities to strengthen Federal protection programs, and
5. Revise reporting requirements for outleases.

Concerning prospectus requirements, the Public Buildings Act of 1959, as amended, requires the submission of a prospectus to the Public Works Committees before an appropriation can be made for a major alteration or acquisition of space. We propose that the minimum value necessary before a prospectus is required be raised from $500,000 to $2 million. This threshold will cover repair and alteration projects, other capital projects, and leases.

We are proposing to increase the threshold to improve management flexibility and to provide more timely services, while at the same time maintaining Congressional oversight of major transactions.

The threshold was last raised in 1972; inflation since that time has been 146 percent. As a result, projects of a much narrower scope now require prospectus review.

To illustrate, in 1972 a threshold of $500,000 required that a lease of approximately 75,000 square feet of office space be submitted to the Public Works Committees for review. As a result of rising rental rates in most parts of the country, annual payments of $500,000 today will obtain approximately 30,000 square feet of office space. The lengthy process for developing, and reviewing lease prospectuses means that we unnecessarily cause hardships to tenants. This situation is exacerbated at this time because many long-term leases are scheduled to expire in the next several years.

Under the proposed bill, the Administrator of GSA will have the authority to adjust the prospectus threshold to reflect future inflation, as measured by the Consumer Price Index (CPI). Also, the proposed bill would exempt certain space alterations from the prospectus process. Projects to reconfigure vacant Government-owned or leased space to accommodate agencies moving into that space would be exempt. Currently, we face a situation where space frequently remains vacant awaiting prospectus preparation and review.

Alterations costing $2 million or more for fire safety projects, space reconfiguration for existing tenants, or cosmetic improvements would remain subject to the prospectus requirement.

The proposed bill provides for multiyear contracting authority for building services. This will permit GSA to follow routine private sector practices in the building management area. As GSA has relied more heavily on private contractors for buildings maintenance, it has become apparent that annual contract limitations are costly and inefficient. For example, annual contracts provide few incentives for contractors to make capital investment in labor saving machines which reduce costs, since the capital investment must be amortized over the life of the contract. Moreover, modern building systems use computers and sophisticated systems, thereby requiring a highly trained workforce. Generally, vendor performance improves over a multiyear period. Five-year contracting authority will lend stability to the contracting process and encourage more highly qualified contractors to bid on Federal Government requirements.

The concept of multiyear contracting authority has received the endorsement of the Commission on Government Procurement, the General Accounting Office, the Office of Federal Procurement Policy, and virtually every Agency in the Executive Branch. The President's Private Sector Survey on Cost Control has also recommended such legislation.

By moving to multiyear contracts, we should achieve lower prices for buildings maintenance. Reductions will be derived from increased competition, economies of scale, improved contractor productivity, as well as the amortization requirements noted above. Multiyear contracting will reduce the administrative costs associated with awarding Federal contracts. On all contracts, the Government follows prescribed procurement procedures in preparing and issuing solicitations, and evaluating bids and offers for each procurement action preparatory to awarding a contract. Under multiyear contracting, the number of times that these procedures are used will be reduced.

GSA currently has three year contracting authority for the inspection, maintenance, and repair of fixed equipment in our facilities. In this connection, it should be noted that during the 99th Congress, the Administration proposed its own comprehensive multiyear contracting proposal, the "Civilian Agency Multiyear Contracting Act of 1985." This legislation, which the Administration plans to re-propose in the 100th Congress, would establish a number of specific procedures and policies (e.g., regarding the availability of adequate appropriations and contract cancellation) that civilian agencies would have to follow in awarding multiyear contracts, including contracts awarded under the new authority extended to GSA under the proposed bill. This proposed bill will extend GSA's three year contracting authority to five years, and extend the coverage to building services. Building services cover the operation and maintenance of a facility which may be performed by contract such as janitorial services, window washing, snow removal, trash removal, and lawn and grounds care.

Our proposed bill will revise the Economy Act to remove the restriction upon the amount that can be paid for lease alterations to 25 percent of the fair market value of the space leased. Congress has recognized the need for Agency discretion in administering this limitation by permitting waivers by the Administrator, who in turn has delegated the function to Regional Administrators. However, this administrative burden of tracking, justifying, and accounting for all such expenditures is unnecessary as more effective controls have been instituted. The Federal Buildings Fund, created by the Public Buildings Amendments of 1972, requires the evalution of expenditures for lease alterations and other purposes against the commercially equivalent user charges paid by tenant agencies. Further, we review the profitability and finances of individual facilities on an ongoing basis.

The proposed bill will provide GSA with the authority to retrocede exclusive jurisdiction to state governments and other entities where full-time Federal law enforcement presence is not required. This will permit the Federal Government to enter into agreements with certain State and local jurisdictions concerning the provision of law enforcement services, while enabling GSA to concentrate its resources on those high risk areas with significant Federal populations. Relinquishment of jurisdiction would take effect only when the State or other appropriate governmental unit agrees to the transfer. This action would remove the potential for dispute over jurisdiction when local police authorities respond to requests for assistance. Further, it will permit the sharing and cost-effective use of combined Federal/State and local resources in this area. Similar authority has already been granted by the Congress to the Secretaries of the Military Departments, the Secretary of Transportation, the Administrator of Veterans Affairs, and the Secretary of the Interior.

The proposed bill also will make permanent the authority provided in annual appropriations acts for GSA to provide security and law enforcement services in areas for which the relevant State government or other legal entity has not ceded jurisdiction to the Federal Government. Article I, Section 8, Clause 17, of the Constitution of the United States provides in legal effect that the Federal Government shall have exclusive jurisdiction over the District of Columbia, "and like authority over all places acquired by the Government, with the consent of the states involved, for Federal works." GSA could not perform law enforcement services in certain leased and Government-owned space absent other legislative authority. Hence, we propose to make permanent this authority, thereby removing the need for annual appropriation language.

Finally, the proposed bill addresses a problem with respect to outleases. The Federal Property and Administrative Services Act of 1949 requires that an explanatory statement be prepared and submitted to Congress in advance for every negotiated disposal of real property having a fair market value in excess of $1,000. In today's real estate market, virtually every block of space that it is physically possible to outlease has a fair rental value in excess of $1,000, which means even the most minor negotiated outlease of space now requires an advance explanatory statement to Congress. Frequently, GSA is faced with two unwelcome alternatives. It must either risk losing a potential outlease tenant while the explanatory statement is prepared and submitted to Congress detailing the negotiated price and other information, or it must use sealed bid procedures which are contrary to common industry practices. The draft bill proposes that the explanatory statement requirement be limited only to the largest negotiated outleases, those with a fair rental in excess of $200,000.

In summary, we believe that the budget and these legislative changes, when combined with the policy and management initiatives that the Agency is pursuing, will produce a buildings management program that is effective and efficient, satisfying the people's right to capable management for taxes duly paid.

Mr. Chairman, that concludes my formal statement. I am available to answer any questions that the Subcommittee may have.

General Services
Administration

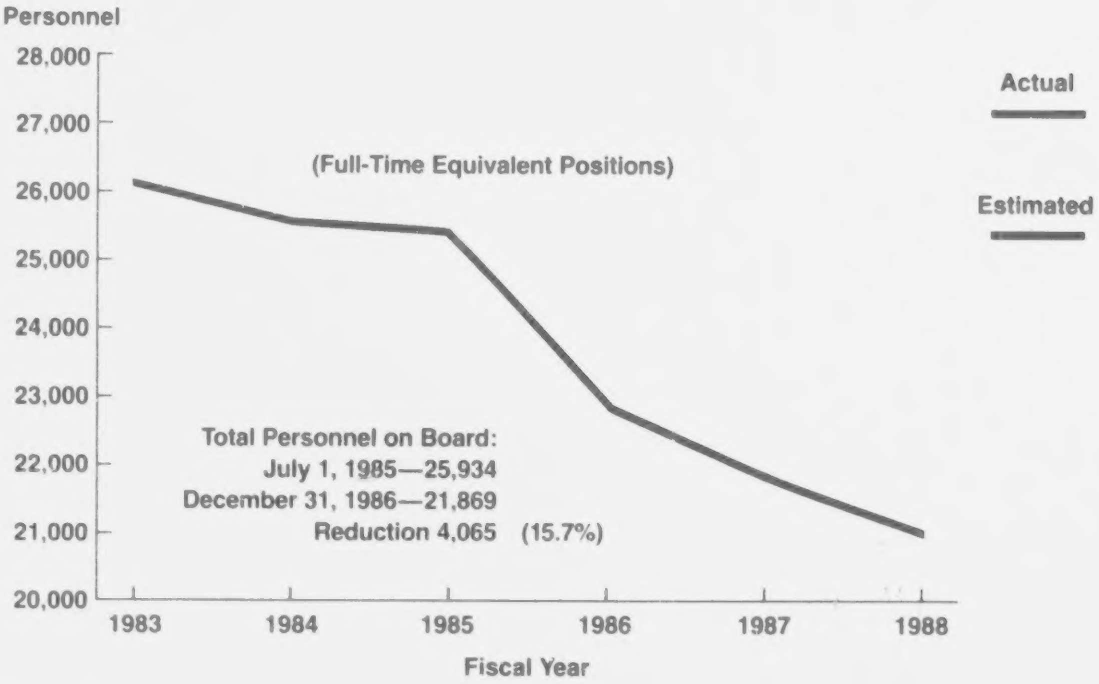
Budget Overview

June 1987

Major Goals: Public Buildings Service

1. Streamline Agency
2. Reduce space used by the Federal Government
   (Potential savings of $20 million)
3. Deal with critical safety issues in Federal buildings
4. Modernize buildings
5. Move to owned space where economical
6. Consolidate Agencies
7. Provide quality work environment
8. Delegate buildings management to Agencies

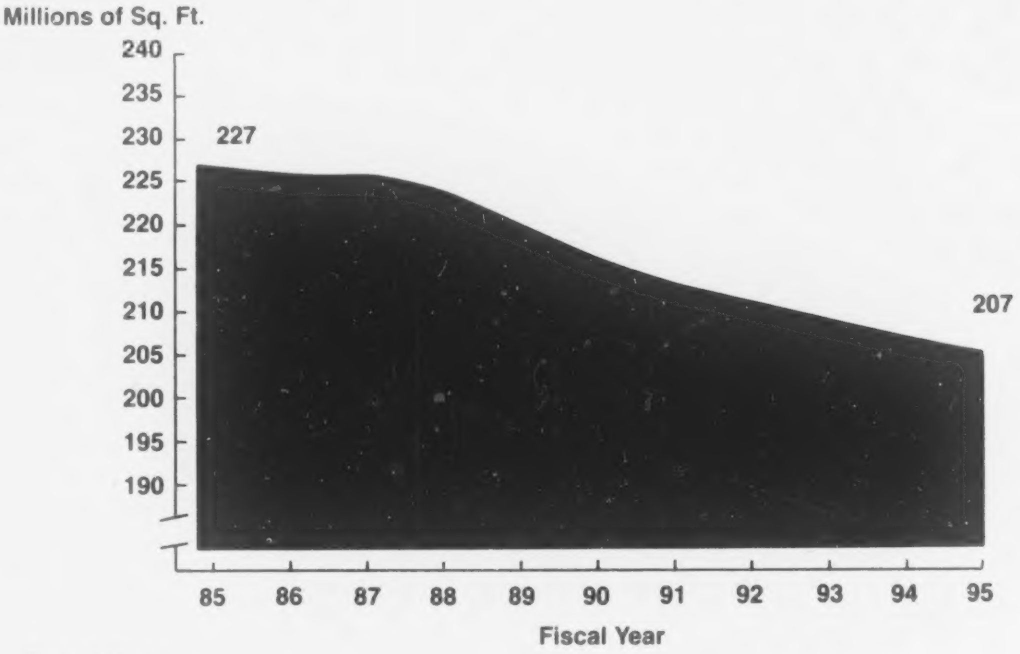
Staffing Reductions



(Full-Time Equivalent Positions)

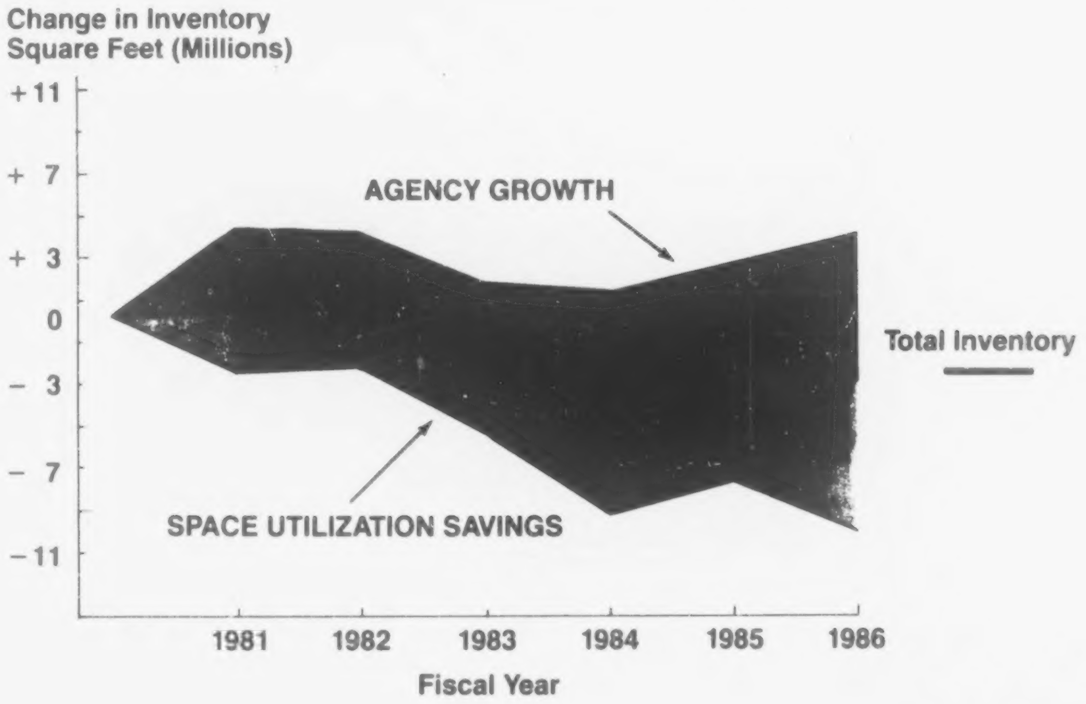
Total Personnel on Board:
July 1, 1985—25,934
December 31, 1986—21,869
Reduction 4,065 (15.7%)

Impact of Space Utilization Improvements
20 Million Sq. Ft. Reduction



Based Upon:
- Current GSA housed population
- Reduction from 160 to 135 sq. ft. per person

Changes in Inventory



Building Acquisition Program

Goals: Achieve Space Reduction, Accomplish Agency Consolidations, Achieve Economic Advantages of Ownership, Provide Modern Facilities

Project	Sq. Feet (000)	Price ($ mil.)
Dallas, TX (1983)	160	$ 7
Judiciary Sq., DC (1984)	85	13
IRS/VA Cntr., Austin, TX (1985)	610	27
Miami, FL (1986)	137	14
Rockville, MD (1986)		
Phase I	277	47
Phase II	325	53
IRS Center, GA (1986)	319	13
Silver Spring, MD (1987)		
Phase I	140	22
Phase II-V	1,050	215
Miami, FL	250	45
Chicago, IL	600	110
Oakland, CA	800	150
Total	4,753	$716

Commerce Consolidation

Agency	Locations		Utilization Rate		Space Savings (Sq. Ft.)	30 Yr. Present Value Space Savings ($ Millions)
	Existing	Proposed	Existing	Proposed		
NOAA	14	2	174	135	160,000	44.5
Census	5	1	127	127	—	—
Intn'l Trade Admin/ Bur. of Econ. Aff.	2	1	200	135	21,000	5.8
Total	21	4	169	133	181,000	50.3
			Savings from Ownership			105.8
			Total Savings			156.1

Note: No Changes Contemplated for
National Bureau of Standards (Gaithersburg)
or Patent and Trademark Office (Crystal City)

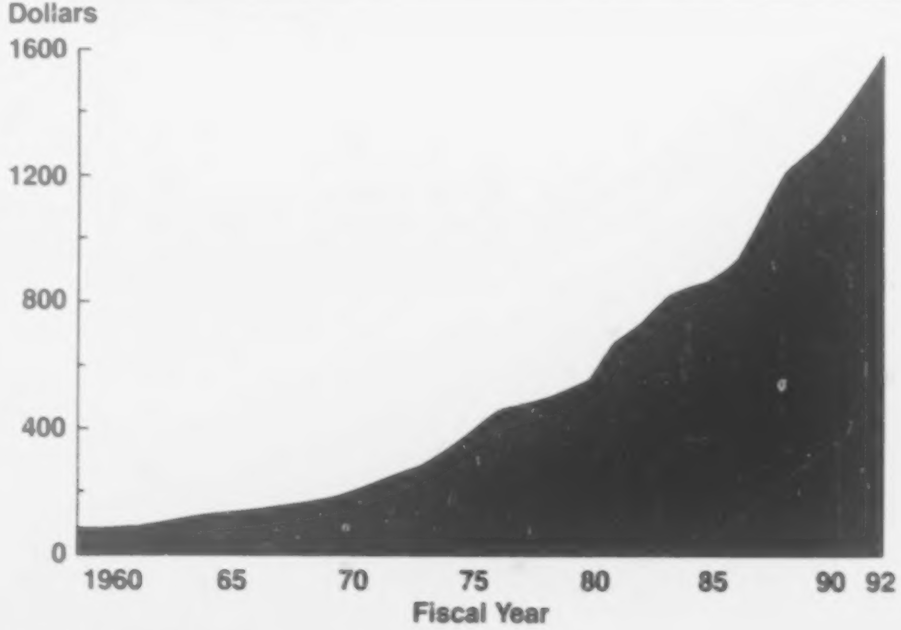
Federal Buildings Fund: Major Issues

- Repair and modernization backlog in excess of $5 billion
  - —Priority is health and safety
  - —Modernization requirements severe—e.g., Pentagon alone estimated at more than $400 million
- Rent budget in excess of $1 billion and growing rapidly. Current effort skewed to short-term expensive leasing, despite stable long-term needs
  - —75% of leases up for renewal in next five years
  - —Expiring leases originally made at favorable terms in 1970's; market has exceeded inflation
- No funds available for new construction
- Increases in Federal Buildings Fund will exceed Gramm-Rudman targets under any circumstances
- Public buildings legislation in need of being updated

Repair & Alteration Program

	($ MILLIONS) FY87	FY88	5YRS
Health & Safety			
—PCB	$ 27	$ 21	$ 68
—Asbestos	17	27	250
—Fire Safety/Sprinklers	34	46	350
Elevators	15	30	80
Vacant Space	28	71	265
Modernization	128	211	3,737
Courts	21	38	250
Total	$270	$444	$5,000

Rental of Space Budget
FY 1960-1992
($ in Millions)



Note: FY 1988-1992 are estimates.
Assumes no change in inventory.

Alternative Financing: Test Case

- 1988 Budget Includes Test of Alternative Financing To Gain Benefits of Ownership
  - No Real Estate Taxes
  - Lower Financing Rates
  - Equity Build-up
  - No Tax Expenditure
  - No Developer's Profit
- Test is Project in Oakland, Ca., Where GSA Will Lease Facility to be Constructed by City, With Title Passing to Federal Government After 30 Years
- Estimated 30-year Present Value Savings From Oakland Project Is Approximately $100 Million
- If Test is Successful, Additional Projects will be Pursued in Future Years
- 1988 Budget also Includes $800,000 for Planning an International and Cultural Trade Center at Federal Triangle

Proposed Changes to Public Buildings Legislation

1. Revise prospectus requirements
   - —Raise threshold from $500,000 to $2 million
2. Provide multiyear contracting for building services
3. Revise Economy Act to remove 25% ceiling on lease alterations
4. Strengthen Federal protective programs
   - —Provide GSA authority to make agreements with State and Local Agencies to provide protective services in Federal buildings
5. Raise threshold for reporting outleasing requirements from $1,000 to $200,000

Federal Buildings Fund (millions)

	1987	1988	Diff.
Construction/Acquisition	126	156	+30
Repairs & Alterations	270	444	+174
Design	63	115	+52
Purchase Contract Payments	131	133	+2
Rent	1,047	1,193	+146
Real Property Operations	753	845	+92
Program Direction	57	48	−11
Total	2,447	2,934	+487

PETE WILSON
CALIFORNIA

COMMITTEES
ARMED SERVICES
AGRICULTURE, NUTRITION, AND FORESTRY
COMMERCE, SCIENCE, AND TRANSPORTATION
SPECIAL COMMITTEE ON AGING
JOINT ECONOMIC COMMITTEE

United States Senate
WASHINGTON, DC 20510

MAY 1 1987

April 30, 1987

The Honorable Quentin N. Burdick
Chairman
Senate Committee on Environment
  and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing to request your assistance in directing the General Services Administration (GSA) to conduct and evaluate a building survey in San Francisco for the purposes of acquiring additional federal office space.

I am pleased to note that, in the past, your Committee has been influential in reversing the growing trend of housing Federal employees in leased space by increasing the amount of space under government ownership. At a time when we are struggling to find ways to reduce the budget deficit, it is especially important that GSA pursue opportunities to place government employees in less costly federally-owned space.

As you know, long-standing federal policy seeks to reduce the government's reliance on costly leased space. In particular, the San Francisco Bay Area is one of the costliest lease markets in America with lease costs expected to jump by nearly forty percent in the next five years. In FY86, GSA leased over 2.4 million square feet of office space in the Bay Area at a cost exceeding $40 million.

Although Congress has authorized and is appropriating the construction of a 800,000 square foot federal building in Oakland, GSA has concluded that Federal Government office space needs in the Bay Area exceed 1.2 million square feet. Therefore, and in light of expected rent increases, it would be beneficial, in both practical and economic terms, to pursue the acquisition of additional space in San Francisco in addition to the Oakland effort.

I am enclosing for your review a draft letter to GSA Administrator Golden directing him to pursue this matter further. GSA has been apprised of this effort, and they have not expressed any opposition. To this end, Mr. Chairman, I would appreciate your Committee's interest in this regard, and I would urge you, if you feel it appropriate, to bring this issue to the attention of Administrator Golden.

As always, your assistance is greatly appreciated.

Sincerely,

Pete Wilson
PETE WILSON

Enclosure

QUENTIN N. BURDICK, NORTH DAKOTA, CHAIRMAN
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PETER D. PROWITT, STAFF DIRECTOR
BAILEY GUARD, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510-6175

May 22, 1987

The Honorable Pete Wilson
United States Senator
Washington, D.C. 20510

Dear Pete:

Thank you for your letter regarding a survey of federal office space in San Francisco. I share your concern that we place government employees in less costly, federally owned space wherever appropriate. And it is apparent that San Francisco is one of the costliest rental markets for office space in the country.

However, I am able to report to you that GSA has the authority under its general mandate to initiate such a study of federal office space needs in San Francisco. In fact, every year GSA usually reviews about one-third of cities with federal offices to update needs and cost estimates.

Therefore, I recommend that you write Administrator Golden directly, and I would be happy to write him also, indicating my interest in having GSA continue to look carefully at needs in the San Francisco area. I will also be certain this issue is raised when GSA appears before the Environment and Public Works Committee for its authorization.

With kind regards, I am

Sincerely,

Quentin N. Burdick
Chairman